

PUBLIC ADMINISTRATION

The Journal of the Institute of Public Administration,
Palace Chambers, Bridge Street, S.W.1.

VOL. V. No. 3.

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July, 1927

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Contributions should be addressed to THE EDITOR, PUBLIC ADMINISTRATION,
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LONDON: HUMPHREY MILFORD, Oxford University Press, Amen House,
Warwick Square, E.C.4.

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Framework of Public Administration

By I. G. GIBBON, C.B.E., D.Sc.

[Address delivered to the Sheffield Group of the Institute of Public Administration,
17th March, 1926]

THERE is an urgent need of a more developed administrative technique. I have dealt with this subject elsewhere,¹ and here I will but remark that the place of the official in public administration has grown of necessity; that proper relations between the official and his authority, be it Parliament, Minister or Council, are increasingly important for good administration; and that these can be assured only by sound administrative technique.

My subject this evening deals with only one section of administrative technique, that of the settlement of policy.²

The final settlement of policy rests with the representative Authority. That principle is fundamental to democratic government; into that holy of holies the official must not enter except as a subordinate, which, to give an instance in modern terms, means that the civil servant may enter the pew at the side of the Chamber where the Commons deliberate, but must not enter the Chamber itself.

It is the business of the official to execute the settled policy of his Authority, whether he likes it or not, and to execute it not grudgingly but wholeheartedly and with firm loyalty. This may seem a serious abnegation of personality, but it is, in fact, in line with a whole series of social limitations which put their claims on all classes.

While the ultimate settlement of policy rests with the representative Authority, the official has his place in the scheme, though his place be that of influence, not direct power—an influence, indeed, which the public are apt to exaggerate, and to suspect, as being of a hidden nature, democracy having a healthy distaste for all that is secret.

I am dealing now with the open influence of the official, and not only open to him, but, for the good of democracy, incumbent upon him if he is to fulfil his duties. Briefly, this influence may be exerted by the expert forecast of the probable results of policies; by the fact that the official

¹ "The Official and his Authority," by I. G. Gibbon, in *Public Administration*, Vol. IV, No. 2, April 1926.

² In our next issue we hope to publish two papers on this subject, one by Sir Adair Hore, K.B.E., reflecting civil service experience, and the other by Sir William Hart, based on practice in the municipal services. These papers will provide the foundation of the final discussion at the Summer Conference of the I.P.A. at Cambridge this month.—EDITOR.

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generally has to devise means of implementing policies ; by the suggestion of policies ; by periodical statement, in accurate and simple form, of the results of the work under his charge ; and, the same measure in wider ambit, by summarizing in reports the experiences within his sphere of labour. I will deal, quite shortly, in turn with each of these phases.

FORECAST OF PROBABLE RESULTS

Disraeli is credited with saying that prophecy is the most gratuitous form of folly. He was doubtless speaking as a politician ; he neglected to add that it is, nevertheless, an essential feature of good government. Broad policies, as a rule, are only partly the children of intellect (but are not, in consequence, to be condemned), and are largely the offspring of feeling, of sentiment, of vague aspirations, of instinctive ties. If confirmation is wanted of this, study the policies which have emerged from those wells of thought associated with Rousseau, Burke or Marx. Comprehensive, cool calculation of what are likely to be the actual results of policies is not easy ; what is desired is apt to be taken as certain to happen.

The official should be an expert in foretelling probable results within his sphere of labour, whether it be of large measures like the reform of the grant system or of smaller ones, like the raising of tramway fares, even though his efforts meet with as many gibes as those of the meteorologist in forecasting the weather.

It is his business to foretell the probable results of measures with all the cool impartiality of the scientist, and he will be trusted by his representative Authority in the exact measure in which there prevails the general conviction that it is in this temper of mind that his prophecies are cast. His services will be sought in the measure in which this assurance prevails in the public mind, and it is highly desirable for the general good that his services, as an expert in this respect, should be used to the fullest extent, just as those of the architect in building a house.

It would be profitable to point out how the use of the official for this purpose is likely to have beneficial effects on his own work. The constant danger of the official is that the arteries of thought become hardened, that sight is limited to the day-to-day job, with little vision of the horizon and further consequences ; thought will be stirred, a higher efficiency reached, in so far as he has to consider these further consequences.

There are two considerations which materially condition these views of the influence of the official on policy and, indeed, all other reflections on this subject.

The first is that to which I have previously referred, that the public and their leaders rarely choose policies, at least the broad framework, on essentially intellectual grounds, and therefore may not be much influenced by purely intellectual reasons. The second is this, that (partly for the same reasons) leaders and public are committed to policies before they

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come into power, and are not likely afterwards materially to recede from them.

These elements curtail the opportunities of the official, though there are ways, to which I will refer later, in which he can contribute to the common pool, and to the common good, before policies are formulated.

It has to be recognized, however, that the official expert as such is not likely to play any leading part in the formation of major policies, those basically founded, not on reasoned experience (wherein should lie the peculiar value of the expert), but on broad aspirations of human endeavour developing out of the widening expanse of human thought; they have their roots deeper than mere reasoning can penetrate—and it may well be argued that in some ways it is a gain to the usefulness of the official that they are beyond his expert range.

IMPLEMENTING POLICIES

To formulate policies is one thing, to implement them quite another—as all politicians find. The interesting series of articles by Dr. Shadwell in the *Times*, on continental experience in the application of socialism, is enlightening in this respect; I refer not to their party aspect, which is outside my scope, but to their bearing on this very question of putting policies into working clothes, instead of the taking finery in which they are persuasively arrayed when presented, without full responsibility, to an unthinking public.

It is part of the business of the official, as an expert, to find the working clothes for the fine policies. Here he has the opportunity of putting his skill at the disposal of democracy, by sage advice, based on a wide experience, pruning here, grafting there, so that the tree may take root and grow, and not just wither away in futility.

It is well, however, that he should be conscious of, and on guard against, his limitations. His very experience makes him see the difficulties. The advocate of policy has his vision fixed on the object to be achieved; he is often blind to the obstacles by the way—and he is probably as often right as the cautiously inclined official. It is remarkable how frequently mountains of difficulties, real ones at that, are removed by determined resolve. The enthusiast left to himself would too often be lost over cliffs and in crevasses; the expert, given his own way, would too often stagnate on his accustomed plain, keenly conscious of the troubles of the uplands; it is when the two, with their diverse qualities, join together that the new country is likely to be soonest discovered and developed—even though each may sometimes shake his head in sad doubt of the other.

SUGGESTION OF POLICIES

At a recent meeting, one speaker, talking of finance, said that he did not see whence suggestions of financial policy were likely to come except

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from the official. He was probably thinking too exclusively of technical matters.

At the same time, if suggestions of policy from official quarters are not encouraged, a hopeful source of progress is barred to democracy—not suggestions of major policy, for they will generally trespass too near to party politics, from which the official should hold himself strictly aloof, but in that expanse, fortunately wide in national and in local government, which is common to all parties.

It has to be recognized that one factor which will tend to limit the opportunities of the official in this sphere is the fear, the quite legitimate fear, that the official will trench on the preserves of the representative Authority, the fear of bureaucracy, that healthy bugbear, particularly of the British mind.

As I have said elsewhere, the freedom of the official depends on the assured mastery of representative control. When the representative Authority feels sure that the system is such that its control is secure, the official will have freer scope for contributing his share to the common good. It is the business of administrative technique to supply that system; and it is for officials to help build that technique.

Part of the technique is this, which is an accepted principle with us in this country but by no means in all countries, that the official is not to enter the arena of party politics. The limelight is for the politician; the official must be content with the subdued shadows. This is an essential condition for the efficiency of the service. His dealings with policy must be with the representative authority, and usually in private with them, on whom the responsibility lies. If he thus loses some of the glory, he is saved much of the dust—and it is the dust which is likely to clog the machine.

Not all countries adopt this system, though it is interesting to see how they are steadily veering towards it. To give one instructive instance, that of the City Manager movement in the United States. As I ventured to tell them, one of the dangers ahead of this interesting development is that the City Manager in practice tends too much to become identified with matters of policy. The men who have steadily worked up this movement realize the danger, but the tradition behind government in the States, where elected officials, from Presidents to Mayors, are responsible for policy as well as for administration, is a difficult wind against which to beat.

The largest city in the States which has adopted the system is Cleveland, a place of the size of Birmingham, and only the other day I was reading a thoughtful article on the excellent performances of the city government under its very able City Manager, which pointed out also how that the City Manager had in fact become the dominating force, in policy as well as in administration.

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Instances could also be quoted from the Continent, with its Burgo-master system in local government. And it is only the democratic wave which followed the war that in Germany, for instance, has made the Ministers of State responsible to Parliament.

STATEMENT OF RESULTS

It is not possible to place too highly the importance for administrative and executive work of the accurate statement of results, but here I shall deal with the subject simply as regards policy. Work should be an adventure; the efficient administrator is always learning. Just as in scientific work hypotheses have constantly to be tested by facts, so also in administration it is essential always to test policy, major and minor, by results.

This practice is required by the official in order that he may keep guard over his own achievements. It is often easier simply to keep jogging ahead on the accustomed rails, content in the belief that what was expected is certainly being achieved, but this is not the way of efficiency, or of interest.

It is also not fair to the public Authority. Candour is an essential of good administration. Neither does it in the long run pay the official. Democracy distrusts mystery, at least in government. Where it suspects the hidden, there it is likely to tighten control, to the embarrassment of efficiency.

The results of various spheres of official work need to be stated in simple terms, readily understood by the ordinary man of average common sense. It can be done, even though, in many instances, it takes much thought for the doing.

Policy, as I have previously said, is often born of vague aspirations, of instinctive ties, of varying interests. Its adoption is always more or less of a gamble, being of a piece with life generally. It needs to be tempered by careful scrutiny of results. It is in this way, among others, that government becomes mellowed, that the sense of practical affairs gradually spreads throughout public Authorities and the community.

Results will work their way ultimately in some form or other into the public consciousness. But the danger is that, unscrutinized, they will gradually grow in an undesirable fashion, until conditions become no longer tolerable, and then comes a violent reaction, a strong swing of the pendulum in the opposite direction, with probably equally ill consequences. These swings to and fro are almost inevitable in human affairs, but they can be moderated by clear ascertainment of results.

It is characteristic of British government cautiously to adapt institutions and measures to new conditions—a practice of marked gain for political stability. But, unless the practice is to be in danger of becoming altogether too pedestrian, especially in these quickly moving times, it is

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essential that there should be systematic scrutiny of the results of policies so that new adaptations may be made from time to time and that a future generation may not find them such a rubbish heap of misfits as will make them despair.

REPORTS

This matter is of a kind with that just treated, it relates to the examination and analysis of results. But, whereas in the last section we were dealing with the scrutiny and statement of results in terms of the official's own work, reports, in the present significance, deal with a wider field.

We are all, officials and others, but small parts of a broad expanse of like activity. In our own country, in other countries, there are many others doing much what we are doing, having their own funds of valuable experience—and there is no experience which has not its value, be it but properly analysed.

It is manifest that, if these experiences could but be adequately brought together and their lessons learnt, many mistakes could be avoided, and obstacles surmounted in a year which now take ten. The means of profiting from experience falls far short of the opportunities for experience.

It is not given to every official to have just that knack required for work of this kind, but in his measure each should do his part: for some, reports of national, even international, repute; for others, reports for local circulation, perhaps just for their own Authorities. But let not these latter be disdained. In bulk, local reports, exerting their influence in a more intensive form in the narrower field, may count for more even than imposing volumes.

But the wider world is also open to the official with the gift. As an instance, I might mention the chemist to the Metropolitan Water Board, Sir Alexander Houston, whose reports are of world-wide repute, and whose labours, with those of others working in the same field, are gradually transforming some parts of the policy for water supplies, to the great monetary gain of the community.

We in this country, with a defect arising partly from some of our good qualities of caution, have been backward in encouraging this wider range of official activity, much more so than some other countries, and have been a little blind to the great benefits which may accrue from it—too aware of the slight dangers which may be attendant on it.

The various professional organizations of officials can do much more in this field than at present; there is, indeed, here a wide scope open to them for an ampler measure of legitimate influence.

The aspect of the matter which I wish to emphasize now is the importance of this sphere of activity for policy. Democracy may rightly expect this wider help from officials. Experience is the touchstone of truth,

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whether in thought or in deed. Unless its lessons be learned, we are but mariners at sea without a compass, depending just upon luck, and mother-wit (not to be underestimated), for coming out right.

The present time more than ever is an age when this guidance is imperatively needed. Conditions are increasingly complex, effects increasingly recondite and difficult to trace. Changes come more rapidly, and measures have to be more quickly adopted to meet them.

The suggestions which have just been made do not mean, what many would regard as disastrous, that public authorities are to be provided with officially-devised policies. As already indicated, the main currents of policies, the deep currents of human feelings and aspirations, generally lie beyond the official's plumb. But it does mean that, in some measure at any rate, these currents, when they come to the surface, will have channels in which to run, and not, as is a danger, at times become torrents which work good, but often also bear some harm.

TEMPER OF MIND

One other matter I may touch on in this connection, a matter to which I have already incidentally referred. The trust in which activities of this kind are held will depend primarily upon the temper of mind in which they are performed, and the measure also in which there is confidence among representative authorities and the general public that the right temper of mind does in fact prevail.

Of party prejudice the official should be able to divest himself without any difficulty, in this country at least. More dangerous is partisan feeling in his own work, too warm partiality for his own offspring in official life, myopia in seeing the good points in schemes and experiences different from his own. The official in doing his work has to cultivate the temper of the scientist, to foster a wholesome candour devoid, so far as possible, of professional prejudices. He will thus add to his own stature, though he may by the way shed many of his likings, and play his legitimate part as an expert adviser in the sphere of policy and in disseminating throughout the community a body of sound information which helps to form an instructed public opinion.

Some may be inclined to contend that work of this kind—much of which, if it is to be of the best, must be in the nature of research—is likely to be most effectively done by outside persons of competence who are likely to be more free from those prepossessions of personal experience which are probably the lot of the man actually engaged in official work. The research labours of the outsider are to be welcomed, the more so that he may look at problems from a new standpoint which may disclose fresh factors hidden from the official. But the latter has an invaluable possession which the man outside generally lacks, and his work is likely to be infused with a quality which is too frequently wanting in the

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academic writer, a quality of great price for government—the sense of practical affairs.

The student of economic life is impressed with the necessity, in modern conditions, of a large measure of research for the successful conduct of business, including in research not only the more recondite inquiries of the laboratory (though these also decidedly have their place, and that in growing measure, in practical business), but also the systematic scrutiny of experience so as to attain the best results. He sees also how this work is growing, and how, in the big industrial combinations, this element constitutes one of their principal advantages. We as a nation have been debited, not altogether unjustly, with a lack of this progressive spirit, a lack partly due to a not wholly unwarranted distrust of the academy, but we are making steady headway in overcoming our backwardness.

Now, this quality is as essential, likely to be as fruitful, in government as in business. Indeed, more so, for in government it has a double function to perform—to enlighten those who direct affairs, and, not less important, to educate the general public with whom in democracy final decision rests.

Official reports have, in my view, a very definite place to play in the education of democracy, whether these be the reports of much-abused Commissions and Committees or reports of individual officials. They dissect the lessons of past experience, and serve as guide-posts to future action, how to avoid pitfalls and how to direct courses so that richer results may be obtained. Much attention has been given recently to better direction-posts on our highways, so that the scurrying motorist may not waste petrol and time, and temper too—and that of the motorist is apt to be on the trigger! The necessity is still greater among the ways and byways of governmental work.

CONCLUSION

I have touched on but one aspect of a very big subject. As I have already mentioned, it is characteristic of British politics that representatives resent the intrusion of officials into the controversies of policy, and we differ in this respect from a number of other countries; but, on the whole, our way is to be preferred, as the high standing of our public services goes far to prove.

At the same time, our system, not least in local government, provides ample scope for the close co-operation of the representative and the official in the common service; indeed, this quality is one of its signal virtues.

The official has his place in policy, not as a protagonist, but as an adviser, as an expert who should be specially competent to state what has happened, and what is likely to happen, from measures adopted or to be adopted.

Democracy is the poorer if it does not use its resources to the best

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purpose, and one of these resources is the use of the expert even in matters of policy, and his services are the more needed now that social measures are so far-reaching, percolate life so intimately, and bring in their train consequences so difficult to assess.

It will, however, be a condition of the full use of the expert in this sphere that there be good assurance to the representative that his own particular territory, that of the settlement of policy, be not invaded, that the representative shall be undisputed master in his own household.

In the measure that a sound technique of administration is established, so will this need be met, so will there be secured a machine in which each part is fitted to its own purpose and all co-ordinated so that they work in unison for the common benefit ; and it is for officials to contribute their share to the advancement of this technique.

Municipal Trading

By J. L. MACKENZIE, M.A., LL.B., J.P.

[*Paper read to the Institute of Public Administration, Glasgow, on
5th November, 1926*]

MUNICIPAL trading, although taken part in by every municipality of any consequence to a greater or less extent, has probably given rise to more controversy than any other municipal activity. Notwithstanding the period during which municipalities have exercised trading powers, the policy involved in municipal trading is still matter of dispute. Every proposal to extend the scope of municipal trading raises anew the old controversy. There may be differences of opinion, too, regarding the undertakings carried on by municipalities that come within the scope of municipal trading, but these may be disregarded, as they have no bearing on what I have to say. By municipal trading I mean generally all these undertakings carried on by municipalities which if they were carried on by companies or individuals would be carried on for the purpose of making a profit.

While municipal trading has its roots in the remote past, very little progress was made, so far as this country is concerned, until the middle of last century, by which time the era of industrial development which set in early in the century had led to the expansion of the larger burghs. One of the earliest forms of trading was the holding of markets. These markets were usually established under the authority of Royal Charters. In the case of Glasgow the markets which are now carried on by the Corporation of the City under Statute had their origin in a Charter obtained in the year 1176. Other early forms of municipal trading related to water supply and harbours. With regard to the former, Southampton, I think, gets the credit of instituting the first municipal water supply. This has been in the hands of that burgh since 1440. Glasgow did not get authority from Parliament to buy up the water companies that formerly supplied the city with water and bring water from Loch Katrine until the year 1855, a Bill promoted for the purpose the preceding year having been rejected by Parliament. There are several instances of harbours that have been maintained by burghs for over 300 years. By a Charter granted in 1668 Glasgow was authorized to establish a port and harbour at Port-Glasgow, but this undertaking did not prove a success, and in course of time the alternative was adopted

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of deepening the River Clyde, and making a port and harbour at Glasgow. This work was instituted by the Corporation, but in 1819 the undertaking was transferred to the Clyde Navigation Trustees, who continued the policy which had been inaugurated by the Corporation. All that remains to the Corporation of the Port-Glasgow venture is an interest which they still retain in certain lands which they acquired in connection with the undertaking and from which they derive some small annual payments.

While there are, as I have said, instances of municipal trading that go back beyond the middle of last century, these are comparatively limited in number, while the undertakings carried on were also more or less limited to those I have mentioned. Since that time, however, there has been an extension, both in range and character, of the undertakings carried on by municipalities. With perhaps one exception, to which I will refer in a moment, the initiation of the undertakings was generally due to private enterprise, the undertakings being subsequently acquired, either by agreement or compulsorily, by the municipalities. The first and most important of all to be acquired on a large scale were the water undertakings. Sheffield led the way in 1830, Manchester acquired their undertaking in 1847, and Glasgow, as I have already said, bought out the water companies in 1855. This policy was generally adopted throughout the country, with the result that to-day the water supply is for the most part in the hands of the municipalities, or in those of Boards or Trusts on which they are represented.

Not content with buying up the water works, municipalities then began to devote attention to other utilities such as markets and harbours still in private hands. Many of these have been acquired from time to time. The use of gas as an illuminant afforded another opportunity to enlarge the scope of municipal enterprise. The original gas works were nearly all established by companies, Manchester being a notable exception, their undertaking having been instituted by that municipality as long ago as 1824. In the case of Glasgow the supply of gas was at one time in the hands of two companies, the Glasgow Gas Light Company and the City and Suburban Gas Company of Glasgow. The Corporation bought the companies' undertakings in 1869, the purchase being confirmed by Parliament by an Act passed the same year. Many other municipalities throughout the country have also acquired the gas works in their areas, some compulsorily, some voluntarily, but municipal ownership is not quite so common in the case of gas as in that of water. In Sheffield, for instance, which was the first municipality to take over the water undertaking, the supply of gas is still in the hands of a company.

The construction of tramways, which began to be undertaken on a considerable scale about the year 1870, afforded a further opportunity to extend the sphere of municipal enterprise. At first, Parliament, while it authorized municipalities to construct tramways, did not generally

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confer on them power to work, but only power to lease or contract for the working of the tramways. Glasgow was an exception to the general rule. In the case of their tramways the original Act passed in 1870 relating thereto authorized the Corporation not only to construct but also to work the tramways constructed by them. In point of fact, however, the working of the Glasgow tramways was at first leased to a company, but in 1894 the Corporation took over the working of the tramways themselves and have continued to do so since. In cases where companies are authorized by Parliament to construct tramways, the municipalities are generally given the right to buy out the companies after the lapse of a certain period.

The next few years saw the development of a new industry, which was also taken up by the municipalities, that of electric lighting. In this case most of the electric lighting undertakings carried on by municipalities were, I believe, initiated by the municipalities themselves, the first to establish an undertaking being Bradford in 1889. Glasgow got authority from Parliament to establish their undertaking the following year. For some time very little progress was made in the matter of the electricity supply in this country. There were two main reasons for the slow development of the industry. On the one hand, the municipalities hesitated to establish an undertaking which would be, or was believed to be, in competition with the gas undertaking which they already carried on, or which was being carried on by a company; and on the other hand, the companies hesitated to invest money in a business which under the Electric Lighting Act, 1882, was liable to be bought up by the municipalities after the lapse of twenty-one years on terms which might prove unfavourable to the companies. Some years later an attempt was made to meet this objection, and the period was extended to forty-two years by the Electric Lighting Act, 1888. It is generally admitted that the failure of this country to keep pace with other countries in the development of this industry is due in large measure to the state of the legislation under which it has been carried on, and with a view to further improvement Parliament has before it a Bill¹ at present, the object of which is to provide a cheap and abundant supply of electricity throughout the country generally.

These are the principal industries which municipalities have taken on hand. There are others which might be mentioned, such as the provision of baths, washhouses, and cemeteries, but as these have generally been provided out of regard for the public health rather than from consideration of profit, they may be left out of account. Several municipalities have recently obtained powers to run omnibuses, including the Corporation of Glasgow, but these powers have generally been granted in extension of their tramway undertaking, and not as separate undertakings. A few

¹ Now the Electricity (Supply) Act, 1926.

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own racecourses, such as Brighton, Doncaster, and Pontefract. Hull still maintains the only surviving local telephone undertaking. Glasgow surrendered their licence to the Post Office after a few years' working. Birmingham conducts a Savings Bank. There are no doubt other enterprises of a commercial character carried on by municipalities, but these, like those I have just mentioned, are not conducted by municipalities generally, and are limited in each case to one or two municipalities.

I have still to mention housing, which is of the nature of trading. Prior to the War, any housing operations carried out by municipalities were usually connected with slum clearances, and were undertaken for the purpose of improving sanitary conditions rather than for the purpose of conducting a profit-earning business. Since the War Housing Schemes have occupied a larger place than slum clearance schemes. The cost of building being such as to make an economic rent impossible, the private builder would not undertake the work. No place was found for him in the first Housing Act passed after the War, the Government subsidy under the Act being payable only to the Local Authority. Later Acts did provide for a subsidy being paid direct to the private builder, but by this time the Local Authorities had become committed to an extensive programme. Had the same terms been available to both from the beginning more progress might have been made in the provision of houses, and the Local Authorities would have been able to concentrate more on the rehousing of the slum population, which should be their first consideration.

Leaving out of account such industries as house-building and those which have been taken up by a few municipalities only, the principal municipal enterprises are markets, harbours, water, gas, tramways, and electric lighting undertakings. Those undertakings are of the first importance, both from a social and industrial point of view, and represent a very large capital outlay. I had hoped to have had particulars of the capital expenditure incurred in connection with all these undertakings carried on in this country by municipalities and private companies respectively, but have not been able to get figures down to date. In a speech in the House of Commons Mr. Philip Snowden put the figure at £1,000,000,000 for municipal undertakings alone. In Glasgow the whole of the undertakings I have just mentioned are in the hands of the Corporation, with the exception of the harbour undertaking, and the total capital expenditure thereon, exclusive of the expenditure on the harbour undertaking, has been fully £25,000,000 to date. It will thus be seen that the figures for the whole country must be very large. All these undertakings have one feature in common. They are almost wholly monopolies and have not to meet competition from rival undertakings providing exactly similar services for the same customers. In the absence of competition, where any price may be charged within the maximum

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laid down by Parliament, it is difficult to determine whether an undertaking is being carried on at a real profit or not, and whether as a consequence the conduct of commercial undertakings by municipalities has been beneficial or otherwise to the community. To answer this question involves a consideration of the advantages and disadvantages that arise from municipal trading and the balancing of the advantages against the disadvantages.

The expansion of municipal trading has mainly arisen from a desire on the part of the municipalities to secure for themselves the profits and the control of monopolies. It is the custom of Parliament in granting monopoly rights to attach conditions under which the powers conferred are to be exercised in order to prevent the powers in question working out to the prejudice of the public. In some cases these conditions have taken the form of specifying maximum rates which may be charged as in the case of most tramway Acts, or a maximum revenue that may be derived in respect of the capital outlay as in the case of some water Acts, or a maximum dividend that may be paid varying with the price as in the case of some Gas Companies' Acts. Where the undertakings involve interference with roads and streets, as in the case of tramways, gas, water, and electricity undertakings, there are other conditions usually attached under which the municipalities have a certain right of control over the exercise of the powers conferred on the undertakings to break up roads and streets. These are salutary provisions which have tended to prevent the occurrence of abuses, but from the point of view of the municipalities the most effective method of controlling such undertakings is to take them over and work them themselves. This, coupled with the desire to secure the profits that arise or are expected to arise from monopolies, and a belief, right or wrong, that they can run them more economically and more efficiently than the companies, has led to the great expansion of municipal enterprise since the middle of last century.

I have hitherto been dealing mainly with matters of fact, regarding which there is little or no dispute, but when I come to consider the result of municipal trading I at once enter the region of controversy. As is usually the case in controversial matters there are things that can be said for and things that can be said against municipal trading. In other words, there are advantages and disadvantages that attach thereto, and the result can only be arrived at after properly balancing the one set against the other set.

What, then, are the advantages that are claimed for municipal trading? So far as the employees are concerned, they undoubtedly enjoy in the main better wages and better conditions of employment than employees in other trades. Needless to say, the service is popular although strikes are not unknown. They have further security of employment, a boon particularly in these days when unemployment is so rife, but this would

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equally obtain in the case at least of efficient employees if the undertakings were carried on by private enterprise, as the businesses in question are not subject to the same fluctuations as other businesses that are affected by the state of trade at home and abroad. On the other hand, curiously enough, the leading officials, on whom the success of the undertakings largely depends, are generally paid less salaries than those who manage corresponding undertakings under private enterprise. They have, however, the same security of employment. So long as they are not flagrantly inefficient they are equally assured of tenure of office. As G. Bernard Shaw puts it in his book, *The Common Sense of Municipal Trading*: "If the Municipal Officer has no fears he has also strictly limited hopes. The Town Clerk and the Borough Engineer, the County Surveyor, and the Medical Officer of Health know that they will never get £15,000 a year nor even £5,000 in the municipal service. The dreams of vulgar ambition, and the excitements of financial speculation of party politics and of fashionable life are not for them."

While it is true that the employees generally are placed in a favourable position compared with other employees, this does not afford a very convincing argument in favour of municipal trading, as other workmen who are less favourably placed nevertheless contribute, out of the payments made by them for the services provided by the municipality, towards the cost of securing for the municipal employees wages and conditions of service that are denied to themselves. It is generally accepted that the municipality should, as far as reasonable, be a model employer and set an example to private enterprise. The wages paid by a municipality may have some bearing on the wages paid in other trades in the locality, but between the conduct of a monopoly and the conduct of a business subject to world-wide competition there is a wide difference, and the matter of example can, in many cases, only receive limited consideration.

Another advantage of municipal trading is that it secures for the benefit of the community the profit, if any, arising from the conduct of the various enterprises. In this connection there is a marked difference in policy in the conduct of municipal enterprises in Scotland from that adopted in England. In Scotland the custom has been to give those who contribute towards the revenue of a particular undertaking the whole, or at least a substantial part of the benefit, of any profits arising from the undertaking by applying the same towards a reduction of fares, rates, or charges, as the case may be. In England, on the other hand, it has been customary to apply towards the relief of the rates, thereby benefiting the ratepayers generally, the profits, or a share of the profits, derived from the various undertakings. So much is this the custom that cases are on record where rates and charges have been deliberately increased for the purpose of securing a surplus from the working of the

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undertakings in order to relieve the rates. This shows the difficulty of ascertaining whether a municipal undertaking is being carried on at a profit or not when it is possible in the absence of competition to make such charges as will yield a surplus on working. In such circumstances one can conceive an undertaking, badly conducted and inefficiently managed, still showing an apparent profit. Personally, I think the Scottish system much the preferable one where the users get the full benefit, although it is strongly urged that the ratepayers should derive some benefit as the undertakings belong to them and the loss, if any, would fall on them. With respect to profits there is one aspect in connection with these undertakings that might be touched on here. Every one is acquainted with the argument so often put forward by those who advocate the taxation of land values that the community is entitled to the wealth arising from the presence of the community, commonly known as unearned increment. To this proposition in the abstract exception cannot readily be taken. The difficulty has hitherto been to devise a scheme which will ascertain and secure that wealth for the community without creating injustice at the same time. There is an unearned increment or value attaching to every monopoly, corresponding somewhat to what is known as good will, in the case of an ordinary business. With the increase of population in a growing community—and this has been the feature of most burghs of any consequence in this country during the last century—this value tends to enhance, a value which is retained for the community if the undertaking is in the hands of the municipality. The right of the community to share in some way in this increment is admitted even by some of those who otherwise are opposed to municipal trading, although they differ as to the method of transferring the same to the community. It has, for instance, been suggested that the State should not grant any perpetual monopolies, as it is recognized as more or less impossible to devise once for all conditions that will ensure for all time that the public will get a fair share of the value created by them. If it were necessary to get a monopoly renewed from time to time it would be possible to stipulate, when application for renewal was made, for such reduction of rates or charges as might be considered fair and reasonable, having regard to the circumstances ruling at the time. In some such way the public, it is claimed, would get a greater benefit from the enhanced value of the undertaking than they otherwise might be able to secure.

The outstanding advantage that is claimed for municipal trading is that it provides for the community essential services, under better conditions, with greater accommodation, and on cheaper terms than can be or is done by private enterprise. If this were so, the case for municipal trading is complete, but such a claim is not admitted, and indeed is strongly challenged by economists and opponents of municipal trading.

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So far as conditions of supply and accommodation are concerned there are grounds for thinking that municipalities pay more attention to those aspects than companies with whom the primary consideration is the question of profit. Take the case of the water supply. It is of the first importance from the point of view of the public health, with which the municipality is intimately concerned, that a supply of water should readily be available throughout the whole area of the municipality, and that that supply should be as pure as possible. In the case of other services also, such as tramways, gas, and electricity, it is important that these should readily be available in order to promote industry, encourage building, and spread out the population, although the immediate demand in a particular area may not give a remunerative return on the expenditure involved. It will, I think, be conceded that a municipality will more readily—in some cases it may be too readily—take these considerations into account when the policy of extension is under consideration than a company whose policy will be largely guided by the immediate return likely to be derived from the extension of the undertaking. With regard to price, this depends mainly on three considerations—the amount spent on management and working expenses, the cost of materials, and interest or profit. So far as working expenses are concerned, if the wages paid by the municipalities and the conditions of employment of their employees are better than in the case of employees of companies, it would appear to follow that this item will be heavier in the case of a municipality than in the case of a company, assuming the same number of employees is employed, unless the output is greater in the one case than in the other. This is sometimes urged, but I do not think there is any evidence to support this contention. With regard to the cost of materials a Board of Directors is likely to buy just as cheaply as a municipality, and the difference either way is not likely to be material. In the matter of interest or profit it is the case that municipalities can finance their undertakings on cheaper terms than companies. With the security of the rates behind them municipalities have hitherto been able to raise money on terms that would not attract investors who in investing money in the companies' undertakings are looking for dividends out of the profits of the undertakings at a higher rate than the rate of interest paid by the municipalities. On the other hand, it is conceivable that if a considerable extension of municipal trading were to ensue, involving the raising of very large sums, the rate of interest would require to be raised in order to induce investors to provide the necessary funds. In any event the difference between what a municipality pays by way of interest and what a company pays by way of dividend will generally represent a small part of the gross expenditure, and not make a very material difference in the price. It might be said that a simple way to test whether the municipalities can supply cheaper or dearer than the companies is to

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compare the prices charged by municipalities and companies respectively. This is not so simple as it appears. A company is charging a certain price at the time their undertaking is taken over by the municipality. The price subsequently charged by the municipality may be more or less than what the company charged, but conditions may have changed, wages may have gone up or come down, materials may have gone up or come down, and the price charged by the company had it continued to manage the undertaking might have gone up or come down. Another way is to compare prices actually charged at the same time by municipalities generally and companies generally for the same services, but here again the comparison is not worth much unless the conditions under which the undertakings are carried on are more or less similar. There is an extraordinary disparity in prices throughout the country. The prices charged by one municipality differ from the prices charged by another municipality for the same commodity. Similarly the prices charged by one company differ from the prices charged by another company. In comparing prices there is a further consideration to be taken into account. With a few exceptions the municipalities have secured the best field of operations. It is the prosperous concerns that have as a rule been bought up rather than the struggling concerns in thinly populated districts where the expense of distribution is high and the demand proportionate to the expenditure is low. Taken all over the average price charged by the municipalities is, I believe, slightly less than the average price charged by the companies, but as the conditions are not similar this comparison cannot be taken as a true test any more than the success or otherwise of an individual concern. The fact that the Glasgow tramways carry passengers at cheaper rates than any other tramway undertaking in the country does not by itself prove the superiority of municipal tramways over private tramways any more than the fact that the London Gas Light and Coke Company sells gas cheaper than Glasgow notwithstanding that London is far removed from the coalfields and Glasgow has them at her door, or the fact that the Clyde Valley Electrical Power Company, which pays a dividend at the rate of 8 per cent. on its ordinary capital, supplies electricity as cheaply as the Glasgow Electricity Department, which pays interest at the rate of $4\frac{1}{2}$ per cent. on its capital, notwithstanding that the company operates over a scattered area, involving the laying of mains and cables for long distances without a single customer, while the Glasgow undertaking serves a compact, closely developed area, proves the superiority of private enterprise in the matter of the supply of gas and electricity over municipal enterprise in respect of these undertakings. There are successful municipal undertakings and there are successful private undertakings. What has made for success in the one case has no doubt made for success in the other case. Whether this essential element is more likely to

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be present in the one than in the other is the crux of the whole situation.

Before attempting to answer this question it is necessary to consider the disadvantages that attach to municipal trading. Many have been urged, but I propose to mention only those that appear to me to have most weight. In the first place, the municipalities have responsible duties to perform, apart from their trading concerns, which are almost enough in themselves to occupy their whole time, labour, and thought. These duties are extremely varied, and include the prevention and treatment of infectious disease, the scope of which is being continually extended, the provision of disinfecting premises and apparatus, the maintenance of hospitals, sanatoria, clinics, and child welfare centres, the detection and removal of nuisances, the cleansing of streets and the removal of refuse, the maintenance and lighting of roads and streets, the treatment of sewage, the provision of libraries and reading-rooms, the maintenance of public parks and open spaces, and the administration of Housing and other Acts. These are their primary functions, on the efficient discharge of which ultimately depends the social well-being of the community, and it would be unfortunate indeed if their attention were distracted from these duties by other interests that are probably more attractive. Almost every large city has a housing problem. Notwithstanding that numerous Acts have been passed for the purpose of eradicating unhealthy and insanitary dwellings these continue to exist in some towns, such as Glasgow, to a deplorable extent. I have sometimes thought that if the Corporation had not been burdened as they are with so many duties more would have been done to remedy the insanitary conditions and remove what has been described as a blot on their administration. There must be a limit to the amount of work which can be efficiently undertaken by an administrative body. In recent years in consequence of legislation of a social nature there has been a vast increase in the work thrown on the municipalities, and the trend of legislation at the present time is to augment their duties in the future. There is a prospect also of a concentration in one authority of the functions discharged by several authorities at the present time. Departmental Committees which recently considered the functions of the various authorities dealing with public health matters and poor relief have issued reports recommending both for England and Scotland the transfer to the larger local authorities of all the powers and duties of the authorities which deal with these matters at the present time, such as Parish Councils and Insurance Committees. If such a transfer is to take place, involving in the case of the larger municipalities a wide addition to their functions, the objection to the municipalities extending their trading operations will derive additional force.

Another disadvantage arises from the constitution of the authority itself. So far as England is concerned, municipal elections have for years

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been conducted on a political basis, the candidates representing the various political groupings. In Scotland this feature, while no doubt present to some extent for a long time, has recently come more prominently to the front. In the circumstances of the time this may be inevitable. It has this advantage, that the views of all parties are represented on the administrative body, but it assumes a different aspect if it results in the municipal undertakings becoming subject to the play of party interest or political bias. This tendency is growing. There are, I think, instances where proposals have been put forward for improving the wages and conditions of the employees, for extending an undertaking in a particular district, for reducing fares, rates, and charges, and so on, no doubt in many cases desirable in themselves, but more designed to influence the votes of the electors at the ensuing election than warranted by the circumstances obtaining at the time. In the stress of contest for the favour of the electors such tactics will be found not to be confined to any one party. I do not wish to infer that this prevails to an excessive extent, or has become a serious evil, but it exists, and its intrusion does, I think, militate to some extent against the efficient and economic management of the undertakings which, being business concerns, should be conducted on sound business lines, instead of forming the battleground of rival sections.

There are other disadvantages that might be referred to that are said to accompany municipal trading, but it will be sufficient to consider only one more, as it is sufficiently comprehensive to raise the whole issue between municipal and private enterprise. It is said that the want of individual attention, the absence of the stimulus to economy, and the lack of an incentive to progress, militate against the successful carrying out of municipal undertakings. This is the converse of the claim put forward by the advocates of municipal trading, that it provides the community with essential services under better conditions and on better terms than private enterprise. There is, I should think, just as keen a desire on the part of the municipalities that their undertakings should be successful as there is on the part of private traders in respect of the businesses carried on by them. They have not the same personal interest, but the knowledge that they are entrusted with the direction of important undertakings, and the sense of responsibility arising therefrom, are enough in themselves to create a stimulus to promote the success of the undertakings. There is absent the ordinary incentive that inspires private enterprise—the hope of personal profit as the reward of energy and industry. In the case of monopolies, however, there is not the same scope for making a profit as in an ordinary business, as they are usually controlled in the matter of charges, etc. The ordinary competitive system is claimed to be the more beneficial because it brings the best men to the front, because it bestows preferment on ability, and because it maintains the road to progress,

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but while there may be more scope for the man of initiative and enterprise in the private undertaking, for the successful conduct of a monopoly, whether it be in municipal or in private hands, it is necessary to look to the management. If the management is efficient, there will be the necessary attention, economy, and progress to ensure success; with indifferent management without the same attention, economy, and progress, the business will go back, whether municipal or private. In the matter of management company concerns have generally the advantage. They have a directing body better fitted to the dispatch of business than a municipality acting through Committees and Sub-Committees. They pay more readily for ability. They are more careful in the selection of a staff. In the matter of promotion, seniority of service, which is often the main thing taken into consideration by a municipality, is a subordinate consideration with them. A Board of Directors may not know a great deal about the technical details of a business any more than a municipality; but they are much more likely to select the right man for a position than the ordinary municipal body. If the man at the head of an undertaking is properly qualified for the position, is not unduly restricted in the management, and is given the necessary authority to control the staff under him, an undertaking of the nature of a monopoly can scarcely fail to pay its way in the absence of competition. On the other hand, if the manager is indifferently qualified for the position the undertaking will be indifferently conducted, and, as usually happens in such cases, the costs of operating the undertaking will increase, needless expenditure will be incurred, overstaffing will take place, and waste will ensue. So far as municipal monopolies are concerned I think that on the whole the standard of management in general is not unsatisfactory, having regard to the staffing arrangements generally in force, but instances of indifferent management are likely to be found more frequently in the municipal service than under private enterprise, as in the case of the latter more care is taken in the selection of the staff. It follows, I think, that there is not always the same regard for economy in the case of municipal undertakings as in the case of undertakings in private hands.

To strike a balance between the advantages and disadvantages of municipal trading is no easy task. On the one side you have generally more favourable conditions of employment, you have the profit where such exists retained for the community, and you have generally more regard for public health and public convenience in the conduct of the undertakings. On the other side, you have the administrative machine almost overloaded with multifarious functions, you have an administrative body consisting of various elements bent on diverse policies, and you have generally not the same regard for economy. The municipality pays away less by way of interest than the company usually does by way of dividend, but the difference generally goes in more costly working.

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So far as the consumer is concerned a comparison of prices would appear to show that he is about as well off with the one as the other.

I come now to the attitude of political economists and the public to municipal trading. So far as the former are concerned there are some whose attitude is not unfriendly, but those whose opinions carry most weight are generally hostile. John Stuart Mill goes as far as to say that "the true reasons in favour of leaving to voluntary associations all such things as they are competent to perform would exist in equal strength if it were certain that the work itself would be as well or better done by public officers." He bases his objection on the mischief of diverting public officials from duties which they alone can discharge to objects which can be sufficiently well attained without them, on the danger of multiplying occasions of collision between the municipality and private citizens, and on the inexpediency of concentrating in a bureaucracy all the skill and experience in the management of large interests. Lord Avebury is equally opposed. "Our Municipalities," he says, "have most important duties to perform, duties sufficient to occupy all their time and tax all their energies. They cannot both govern and trade. If they persist in embarking on commercial undertakings they will, I am persuaded, increase our rates, check the progress of scientific discovery, and stifle if not destroy that spirit of private enterprise to which in the past our commercial supremacy is mainly due." Political economists consider that competition, notwithstanding the waste that sometimes accompanies it, produces the best results and maintain that the public has benefited more from the competitive system than they can from any other system. In the case of monopolies, however, as I have already stated, competition has not the same free play as in ordinary trades, and so far as internal trade is concerned that system has itself become largely modified in recent years in consequence of great industrial combinations, the principal object of which is the regulation of prices. So far as the general public is concerned, when they see combinations strong enough to dictate terms to producers and consumers alike, involving the breakdown of the competitive system, the views of political economists can only have a limited influence based as those views generally are on the benefits of competition. This development in trade has not been allowed to take place without challenge, and more is likely to be heard about it in future. Apart from voluntary schemes of co-operative sale and purchase and such-like, already projected by producers and consumers with a view to protecting their interests, the Government, in deference to public opinion, recently appointed two Commissions to inquire into the effect of combinations on the price of foodstuffs and building materials respectively. The United States of America have also had experience of combinations and have already passed legislation to deal with trusts, and it may be that in future our own Government will be compelled to

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initiate legislation for the limitation of profits or otherwise. When competition is free the consumer no doubt gets the best value for his money, but in the case of combinations the element of competition is eliminated. If it is right that the State should, in the case of monopolies where there is no competition to regulate prices, come to the assistance of the public and fix maximum rates, revenues, and dividends, the State might with equally good reason take similar action in the case of combinations, the effect of which is the same. It might be said that it does not matter to the consumer in whom an undertaking is vested so long as the commodity supplied or the service provided is right and the price is right. With the measure of control to which a monopoly in private hands is subjected, the consumer may be as well off as he would be if the undertaking were in the hands of the municipality, but the difficulty with the public is to convince them that they are getting the best value possible, and sooner or later a demand is made for absolute control. In the eyes of the public the most effective method of control is to take over the monopoly itself. This course has commended itself to the public, and has, with the other reasons I have mentioned, led to the expansion of municipal trading. Nor is there, so far as I can see, any indication at the moment of a change of opinion on the part of the public, so far at least as municipal undertakings are concerned, whatever views they may hold with regard to undertakings carried on by the State in view of the result of experiments conducted during the War, and at the moment the municipalities undoubtedly have behind them the support of the great mass of the rate-payers.

There is only one other question which I propose to consider. Within what limits should municipal trading be carried on? In the year 1900 a Select Committee of the House of Lords and the House of Commons was appointed to consider this very question. The Committee met on several occasions, heard evidence from various sources, but owing to the rising of Parliament never concluded their inquiry. The views expressed by the witnesses disclosed a wide range of opinion. Some would limit municipal trading to matters in respect of which a rate might be imposed to meet the cost, as in the case of the Police, Poor Law, Education, Public Health, and other services. This proposal could only apply in equity to commodities in universal use, such as water, although even here it would break down in the matter of trade supplies. Some would take into account such considerations as public morality and health, and limit municipalities to undertakings which were necessary solely in the interests of morality or health. Some would have the municipality to own and work commercial undertakings which are in the interest of the community at large, not with a view to making a profit, but with a view to making a service better and cheaper than can be done by private enterprise. This proposal appears unexceptional, but leaves unsettled those services which

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municipalities can carry on better than private enterprise. Some would make the sole limit the point at which the community ceased to find an adequate supply of disinterested representatives able and willing to carry on public enterprises for the common benefit. Other proposals have been made, ranging from a limited scope to the complete exclusion of private enterprise. This diversity of opinion will indicate the difficulty in drawing a line or in laying down a principle by which a line should be drawn between what a municipality should undertake and what a municipality should not undertake. There are, however, certain elements which, I think, should be present in the case of every municipal undertaking. In the first place, it should be concerned with a subject of utility, intended for the benefit and use of the community generally, and not for the benefit and use of a particular class or particular individuals. In the second place, it should be such as should be carried on as a monopoly. Where an undertaking involves the breaking up of streets it is obviously contrary to public policy to permit another undertaking to break up the same streets for the purpose of providing a similar service. In the case of tramways, water, gas, and electricity undertakings it is quite inexpedient, uneconomical, and wasteful to have more than one undertaking operating in the same area in competition with each other. There are other undertakings, however, which do not involve any interference with streets such as markets, where the same physical considerations do not apply but which have been created monopolies, no doubt for sanitary reasons. While practical considerations have resulted in such undertakings being made monopolies, it should not be forgotten that it would be possible to create new monopolies by Act of Parliament by authorizing the municipality solely to deal in certain commodities. There is, however, no precedent for such monopoly rights. Municipalities have hitherto confined their operations, or rather been restricted by Parliament, to the conduct of undertakings which can only be properly carried on as monopolies, whether they are in public or private hands. As all such undertakings are already the subject of municipal trading, any extension of their trading powers must necessarily carry the municipality into competition with the private trader unless the latter is excluded by Act of Parliament. There have been suggestions that they should be given power to deal in various commodities. An instance of this is the recommendation of the Coal Commission that they should be authorized to deal in coal. Should such powers be granted the conditions on which they should be exercised, if they are to compete with private traders, might in the interests of fair competition, if such is to be allowed, require to be very different from the conditions attaching to the conduct of monopolies. In a case of the kind any recourse to the rates would obviously put the municipality in a position of undue advantage over a competitor who had to rely solely on the result of his own effort and enterprise. Where

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there is free competition there is no need for, nor any public purpose likely to be served by, the municipality entering the field as a competitor. Where, however, there is not free competition I can quite conceive a demand arising for some form of public control in the case of a commodity which is controlled by a ring or association which fixes prices which are regarded by the public as too high.

Under the conditions I have laid down the field of municipal activity in the matter of commercial undertakings is limited more or less to the undertakings already commonly carried on by municipalities in which competition is excluded for practical reasons, but where the competitive system breaks down as a result of combinations or otherwise, I can see a possible extension of municipal trading in the matter of commodities in universal use. Where, however, competition in any commodity is practical and obtains, the municipality should leave it alone.

Unemployment Insurance

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[Paper read before the Institute of Public Administration on 20th January, 1927]

BEFORE attempting to state some of the problems which confront those responsible for the administration of the Unemployment Insurance Scheme, it is desirable to give a brief outline of that scheme and its origin.

Unemployment Insurance in a national sense first took shape in 1911, when Part II of the National Insurance Act of that year dealt with the subject. Before that date such provision against unemployment as existed was undertaken by some Friendly Societies and Trade Unions. The Royal Commission on the Poor Law, which reported in 1909, recommended that State and Municipal encouragement and assistance should be given to this form of provision.

The Act of 1911 related to only a few trades, the chief of which were engineering, shipbuilding, iron-founding, and building. It covered about 2½ million people.

The general basis of the scheme was the creation of a fund by contributions from employers, insured workers, and the Exchequer, out of which would be paid benefit at a weekly rate to those insured workers who became unemployed and who fulfilled the conditions for the receipt of benefit. This general plan has been followed in the extensions of the scheme which have been made since 1911.

In 1916 the scheme was extended to cover workers on munitions and in certain other occupations whose need for insurance against unemployment would obviously be great on the termination of the War. This Act brought the number of insured persons up to about 3½ to 4 millions.

Before the end of the War the Government had decided that with the coming of peace it would be necessary to make provision for a much larger number of persons, and in particular for men returning from the Colours to civil life, than were covered by the Acts of 1911 and 1916. An extension of the Unemployment Insurance Acts at that time would not have achieved this object. Accordingly, immediately after the Armistice a scheme of Out-of-Work Donation was brought into being under which genuinely unemployed ex-Service men and civilians could receive a weekly payment which, in the case of men, amounted to 29s. a week with extra payments for dependants.

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The Out-of-Work Donation Scheme was something quite apart from the Unemployment Insurance Scheme. The whole cost was borne entirely by the Exchequer. The scheme ran for twelve months for civilian workers, and for more than two years for ex-members of the Forces. The amount paid out was over £62,000,000.

In 1920 was passed the principal Act which is the basis of the present scheme. It brought into insurance practically the whole of the employed industrial population with the main exceptions of workers in agriculture and private domestic service. There were a few other exceptions, but the general principle adopted was that all manual workers and other workers whose remuneration did not exceed £250 a year should be covered, unless it could be said that there was no danger of periodic unemployment.

Unfortunately the enlarged scheme was launched at a time when the short post-war period of good trade was coming to an end. Almost immediately a depression set in which, with comparatively slight movements in both directions, has lasted ever since. The depression, which was already quite severe in the spring of 1921, was further accentuated by the dispute in the mining industry which led to a stoppage for a period of three months from the end of March to the end of June of that year. Towards the end of that time there were two million persons registered at the Employment Exchanges as wholly unemployed, and a further million who were working short time to such an extent that they were entitled to unemployment benefit under the statutory rules. This was exclusive of workers in the mining industry.

It is not necessary to dwell upon the depth and long continuance of the present trade depression. It is enough for present purposes to say that from the beginning of 1921 there has never been less than one million unemployed persons registered at the Employment Exchanges, while the average from the beginning of 1921 to the end of 1926, a period of six years, has been over 1,400,000.

The magnitude of the financial transactions of the scheme is indicated by the figures of receipts and expenditure during the six years which have elapsed since the extended scheme came into operation. In November, 1920, there was a balance in hand from the more limited scheme of £22,000,000. The receipts, mainly contributions, since that date to the end of 1926, amount to £268,000,000, giving a total of some £290,000,000. Benefit paid between November, 1920, and December, 1926, amounts to about £281,000,000. Other outgoings, such as refunds of contributions, amount to about 6½ millions, and the expenses of administration to £26,000,000. The resources of the Fund were thus £23,000,000 less than the expenditure. This has been met by loans from the Exchequer, which at the present time amount to about the same figure.

The present is not an unsuitable time for discussing the problems

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which arise in relation to a scheme of insurance against unemployment. A strong committee of which Lord Blanesburgh is chairman and which includes leading representatives of employers and employed has for some months been considering in the light of past experience what, if any, changes should be made in the scheme.

We are told by the Press that the committee has completed its consideration of the subject and that its report will shortly be available. While the committee's verdict on the various problems it has had before it cannot be anticipated, it will be useful to state some of them and the considerations which bear on them.

The first question which naturally arises in connection with a National Scheme of Insurance against unemployment is, "What is the field to be covered?" When the experimental scheme was launched in 1911, the trades selected for experiment were, speaking generally, those in which experience had shown that there were considerable fluctuations in the degree of unemployment within those trades. Moreover, they were trades in which something had already been done by voluntary efforts of associations of workers to provide against unemployment.

The need for some provision was obvious in view of the periodical slumps which threw out of employment considerable numbers of workers in those trades. The experience which had been gained by the voluntary associations was of material value in framing the scheme in 1911.

Rather different considerations applied to the extension of the scheme to munition workers in 1916. It was evident that a great change-over was inevitable after the War. Thousands of workers who had been drafted into trades where work was essential for War purposes would obviously have to find other means of employment when the War came to an end. Their replacement in industry would, in the case of a large number, be a gradual process and much unemployment would inevitably result. Unless something were done to make provision for these people during the change-over from war to peace occupations, a very heavy burden would be placed on either the Poor Law or the Exchequer, and possibly on both.

But although the insurance scheme was extended to cover workers on munitions and in other trades largely engaged on war services, the Out-of-Work Donation Scheme was instituted by the Government of the day for the period immediately following the War. This was largely because the insurance scheme, even as extended, would not have covered the field. Moreover, in the case of the insured trades there would be many workers for whom the insurance scheme rates of benefit would have been wholly inadequate and would therefore have had to be supplemented out of either national or local funds. The experience of Out-of-Work Donation showed the need for a comprehensive scheme of provision

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against unemployment covering the whole of the working population which was exposed to any real degree of risk.

The conclusion being reached that a national scheme was desirable the further problem arose of dealing with the varying risks which would have to be included in such a scheme. Some trades obviously have higher rates of unemployment than others. This would be particularly the case during the periodical depressions of trade which even in normal times experience has shown must be expected, but although some trades suffer more than others in this respect all suffer in some degree. There can be little doubt that this is largely because all trade is in a sense inter-related and inter-dependent. This would lead logically to the conclusion that all industries should be covered. While taking an industry as a whole the risk over all might be light even in times of bad trade, the effect of unemployment on the individuals in a trade with a light risk was as severe as on the individuals in a trade with a high risk.

There were, however, two industries with large numbers of workers which it was decided to exclude from the national scheme. These were agriculture and private domestic service. In both of these the risk of unemployment was low, and in one might be said to be non-existent. Moreover, the money wage in both of them was low as compared with other industries. For these reasons it was decided to leave the workers in these two industries outside the scope of the national scheme. Since that time the question of bringing agriculture within the scheme has been considered on more than one occasion, and only recently a committee, of which Sir Henry Rew was chairman, reported unanimously against the inclusion of agriculture in the general scheme as it now exists. There was a bare majority of the committee, however, in favour of a special scheme being set up for agriculture in England and Wales, but not in Scotland.

There was one feature of the scheme as formulated in 1920 which should be mentioned as affecting its scope. That was the right which was given to industries to contract out of the general scheme and set up special schemes for themselves provided that the benefits payable under those schemes were on the whole not less favourable than those of the general scheme. This may, perhaps, be regarded as a departure from what might be the strictly logical manner of dealing with the problem arising from a conclusion that all industry is inter-dependent and that the risk, therefore, was a national one and should be borne equally by all trades. It may be, however, that the right to contract out was included in the scheme with a view to sweetening the pill of compulsion by giving an opportunity to those industries with light risks to formulate their own schemes with lower rates of contributions for the employers and workers engaged in them. There was undoubtedly a demand at one time for the right to contract out and set up special schemes. The

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experience of the past six years, however, has been such that the demand has almost, if not entirely, disappeared. In any event the power to contract out was suspended in 1921 so long as the general scheme is in a state of deficiency.

Only two industries had taken advantage of the power to contract out when the suspension of that power became operative, viz. the insurance and banking industries, which cover between them about 120,000 to 130,000 workers.

When a decision is reached as to what the scope of the scheme should be, it is next necessary to consider what should be the provision made for insured persons in the event of unemployment occurring. If the scheme is to be of real value the benefits allowed must not fall to too low a level. On the other hand, it is of vital importance that the rate of benefit should not be put so high as to give an incentive to idleness. As a broad general standard it might be said that the rate should probably always be below the unskilled labouring wage.

The range of rates of benefit is, therefore, limited having regard to these two considerations. In 1911 the rate was fixed at 7s. This was obviously not a subsistence rate, moreover, it was not an incentive to idleness. As against this should be mentioned the rate payable under the Out-of-Work Donation Scheme, which would be dangerously high, now, but it must be remembered that the cost of living at the time that scheme was running was higher than it is now. Even in those days, however, there were critics who regarded the rates paid as well above what may be called the danger mark.

The rates of benefit since 1920 have varied from 15s. to 20s. a week for men. The present rate for men is 18s. a week. There are, of course, lower rates for women and for boys and girls between the ages of sixteen and eighteen.

A further consideration which has to be borne in mind is that the rate of benefit must not be so high as to render impracticable a scheme with reasonable rates of contributions. This is an important consideration, since if the rates of contribution which have to be levied in order to pay benefits are so high as to constitute a burden on industry, so far as employers are concerned, or to mean a material reduction of wages, so far as workers are concerned, the scheme would defeat its own ends.

There are thus three factors which have to be borne in mind in determining the rates of benefit—reasonable adequacy, non-incentive to idleness, and reasonable contributions.

It has sometimes been suggested that instead of paying benefit in cash the scheme should provide for the payment of benefit in kind. This is a problem which has received examination but for various reasons has not found acceptance. It is true that there are certain disadvantages which attach to the payment of benefit wholly in cash. For instance, there can

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be no guarantee that the money is used merely for the maintenance of the worker and his dependants, that is to say, that it is not expended on luxuries or amusements, while tradesmen have to go without payment for the goods they may be willing to supply on credit. On the other hand, there are serious disadvantages attaching to a system of paying benefit in kind. The main grounds of objection would appear to be :

(1) If benefit were granted by means of orders in kind such orders would have to be in general terms to meet the varying needs of different families, otherwise it would be inevitable that quantities of particular kinds of goods would be in the wrong proportions and goods of the wrong kind might even be specified for certain families. Therefore, part at least of the benefit must be paid in cash. Further, in no other way could some necessities be provided.

(2) As in any system of payment in kind there would have to be adjustment of distribution to the particular needs of each household, the amount of inquiry involved in ensuring that necessities rather than luxuries for a given household were ordered and that the proper kinds of necessities were specified for individual households would be tremendous.

(3) If benefit were paid in kind there would always be a serious risk of the orders being discounted for cash for less than their face value. This might be met in part by limiting the number of retailers with whom orders might be placed, but such orders, even if given in general terms, would have to be usable for small quantities. For instance, meat and milk for a family for a week could not be bought in quantities sufficient for a week's supply.

(4) More could be done with cash than with orders in kind of the same value in 999 cases out of 1,000, and, in general, reliance could be placed on recipients to use the money to the best advantage. The institution of a system of benefit in kind would mean that the vast majority were being penalized in order to catch the exceptional case.

(5) The inquiries into the circumstances and needs of different households while perhaps justifiable under a system of Poor Law would be generally regarded as inappropriate to an Insurance Scheme into which premiums in cash are paid for benefit if the risk insured against materializes.

A further question which arises out of the consideration of the benefits to be paid is the period of time over which an unemployed insured person should be allowed to receive benefit. This is a matter which will have to be considered presently, but it should be mentioned now that under the scheme as framed there were two automatic limitations. Firstly, benefit could only be drawn in proportion to the number of contributions paid. The rule was that one week of benefit could be drawn for every six contributions. Secondly, not more than fifteen weeks of benefit

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could be drawn in any one year. This limit was subsequently extended to twenty-six weeks, and, as will be seen when what is known as extended benefit is being considered, this limit ultimately disappeared.

The next problem which arises for discussion is, "What conditions should an unemployed worker be required to fulfil before being allowed to receive benefit?" It is clearly necessary to ensure that benefit is only paid in genuine cases to those insured workers who are unemployed through no fault of their own.

The first thing to be established is the fact that a claimant for benefit is, in fact, unemployed. One means that is adopted of ensuring this is to require every claimant to attend, during working hours, at a specified place to sign a declaration that he is, in fact, unemployed and also in order that he may be offered any work that is available. The place selected for this purpose is the Employment Exchange in the district in which the claimant resides. Claimants are required to furnish this declaration daily where the state of unemployment permits. In cases of need, however, the requirement of daily signature is relaxed and signature on two or three days in the week is accepted, but in normal circumstances daily attendance is necessary.

But apart from the man's own declaration other tests are applied. The claimant is required, on making a claim for benefit, to say where he was last employed and what was the period of his employment. The Employment Exchange communicates the man's statement to the employer and asks for confirmation or observations. Employers generally furnish this information, which indeed is almost essential for proper administration of the scheme. They are asked, in addition, to give the reason why the man's employment terminated. It is necessary to know this in order that the genuineness of the unemployment may be tested. Men leave work voluntarily or are dismissed for misconduct, or become unemployed because they have been locked out by their employer or gone on strike. If the unemployment arises from any of these circumstances benefit is refused. The co-operation of employers is obviously necessary to put the administration in possession of the facts, and it is due to employers generally to say that this co-operation is forthcoming in a very high degree.

A further condition which is clearly necessary is that the unemployed worker must be willing to accept suitable employment if it is available. He must be genuinely seeking work. The best test of his genuineness in this respect is to offer him a job. This is always done wherever practicable by the Employment Exchange. Here again the co-operation of employers is most helpful, but it is a matter for regret that they do not use the Employment Exchanges for the purpose of notifying vacancies which could be offered to unemployed men, to a greater extent than they do.

Too much insistence cannot be laid on the absolute necessity of being

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satisfied that the claimant for unemployment benefit is a man about whose bona fides there is no question. He must be genuinely seeking work in the fullest sense of the term. If one could apply a ready and conclusive test to this question of genuineness the greater part of the difficulties of administration of an unemployment insurance scheme would be solved. There would probably be a general acceptance of the proposition that an industrial worker who is unemployed through no fault of his own, who would undoubtedly take work if it were available for him and who is doing his best to get it, should receive the benefit of the provision which is made under an insurance scheme. The whole difficulty is to find a satisfactory means of applying the test of genuineness. As has been said, the definite offer of a job is an excellent test when it is present, but it is not always that jobs are available. In its absence a knowledge of the state of employment at the moment in the industry and occupation which a man ordinarily follows is, of course, valuable. The Employment Exchanges have pretty complete information of the kind of job that is available in the localities which they serve, and by a system of clearing arrangements which are in operation, they are able to obtain knowledge readily of the kind of work that is available for unemployed men in other parts of the country.

Another important question which has to be determined when dealing with the claim of an individual for unemployment benefit is whether he is really within the insurance field. The present Acts provide for a means of testing this. The first condition an individual has to satisfy is that within the last preceding two to three years he has paid thirty contributions. This is really not a severe test, and should not, in normal times, rule out genuine cases. So far from being regarded as a harsh condition it is quite open to argument that if the condition stood alone it would not be sufficiently stringent, and would not really furnish any guarantee that the individual was within the insurance field. If a man does no more than fifteen weeks of insurable work in a year, it is pretty obvious that his main pre-occupation is in other than insurable employment. If that is the case he is hardly a subject for unemployment benefit when he is out of work. It is because this condition in itself would not furnish a sufficient test of the genuineness of the individual claimant that other conditions, such as that he must be genuinely seeking work and unable to obtain suitable employment, have to be imposed.

The rule with regard to the payment of thirty contributions within a comparatively recent period was first laid down by the Act of 1924. At that time the trade depression had lasted for nearly four years, and it was realized that to oppose such a condition without any relaxation at such a moment would inevitably deprive of benefit a number of workers about whose genuineness there was little question. It is only necessary to mention one industry as an illustration. The slump in shipbuilding

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has been very severe, and there are many men in such districts as the Clyde and the Tyne who have been quite unable to obtain anything like thirty weeks of employment within the stipulated period. They are genuinely desirous of obtaining work, but there is no work for them to do. They will come back into employment as soon as the conditions of the industry permit.

In view of the numbers who would automatically have been unable to satisfy the contribution condition had it been imposed unconditionally, the Minister of Labour was given discretion to waive compliance with it. That discretion has been exercised in various ways, and at the moment the condition which has to be fulfilled by every claimant is that he must be able to show that he has paid at least eight contributions during the last two to three years or thirty contributions at any time.

The applicant for benefit has to show not merely that he is unemployed, but that he is continuously unemployed. This does not necessarily mean that his unemployment must run over a period of consecutive days. "Continuously unemployed" is a term of art and is specially defined in the Acts. The definition has varied from time to time, but at the moment a man is regarded as continuously unemployed who is unemployed for any three days in six consecutive days. Moreover, two periods of continuous unemployment within this definition may be linked together over a period not exceeding six weeks, and are allowed to form one continuous period.

Before the right to receive benefit accrues the claimant has to serve what is known as a "waiting period." This has nearly always been one week, and benefit is not payable in respect of it. As a waiting period has to be served at the beginning of a fresh spell of unemployment, it became necessary to define when a fresh spell commenced. It would have been a hardship in many deserving cases if before any benefit could be drawn a man must be unemployed for six consecutive days after every spell of employment. It is only, therefore, when there has been a break of more than six weeks in the continuity of unemployment that a fresh waiting period has to be served.

The waiting period besides serving the object which has just been mentioned is an automatic financial safeguard in the interest of contributors to the Fund. The general unit of employment is one day. If a man is unemployed at all he is unemployed for at least one day. Fewer are unemployed for two days, fewer still for three days, and so on. If every day of unemployment were paid for, the burden on the Fund would obviously be very great. Moreover, provision for casual days of unemployment is not necessary, and it would discredit any scheme which, under the guise of providing for genuine unemployment, paid for the interval of a day or two between spells of work. The incident of two or three days of unemployment between two jobs, each of which might be

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of quite considerable duration, is a common occurrence in many trades, and it may perhaps be said, not unfairly, that the break is often not unwelcome to the worker.

It has been said that unemployment for which an Insurance Scheme should provide must be involuntary on the part of the worker, and that in particular benefit should not be paid to individuals who are unemployed because they have been either locked out or gone out on strike. From the time the limited scheme was instituted in 1911 down to the present, there has always been included in the Acts a clause known as the "Trade Dispute" clause, which has disqualified for benefit men in this position.

The terms of the disqualification are important. They are, that a man who has lost his employment by reason of a stoppage of work which was due to a trade dispute at the establishment at which he was employed shall be disqualified for receiving unemployment benefit so long as the stoppage of work continues, except in a case where he has, during the stoppage of work, become *bonâ fide* employed elsewhere in the occupation which he usually follows or has become regularly engaged in some other occupation. It will be observed that the disqualification is based on the cause of the individual's unemployment and not, for instance, on the fact that he is a member of a particular trade union or of a particular grade or class of worker.

The clause has never been accepted as satisfactory by the representatives of the insured workers, and it cannot be said that, on the other hand, the employers regard the clause as wholly satisfactory. From the workers' point of view it was put that it was unjust to disqualify for benefit a man who happened to be employed at an establishment where a trade dispute occurred between the employers and a certain group or class of workers with whom possibly the majority of the workers in the establishment had nothing in common so far as the point in dispute was concerned. This was well illustrated in the case of the moulders' dispute which lasted for many weeks in 1919. It was a dispute between moulders and employers throughout the country which resulted in the closing of many establishments, with the result that the moulders' labourers lost their employment and were unemployed throughout the period of the dispute. The labourers, however, could get no unemployment benefit because, although they were not concerned or interested in the dispute, they were employed at establishments where the stoppage of work due to the dispute occurred. Many attempts were made to amend the law so as to allow payment of benefit in such a case, and more than one committee endeavoured to reach a solution which would be acceptable to both parties. It was not, however, until the Act of 1924 that any amendment of the clause was made.

That Act provided that an applicant might receive benefit if he could prove that although he was employed at an establishment where a stoppage

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of work had occurred owing to a trade dispute, he was nevertheless not financing or interested in or participating in the dispute, and that he did not belong to a grade or class of workers, members of which were interested, financing or participating in the dispute.

That this amendment was not wholly satisfactory to the insured workers was shown in the recent mining dispute. Throughout the dispute, speaking generally, the colliery deputies and safety men remained at work, but there was not the demand for the services of as many during the dispute as when the pits were producing. There were, therefore, numbers of them unemployed. They claimed benefit, but the claims were disallowed on the ground that they belonged to a grade or class members of which were financing or participating in the dispute. The facts were that although the majority of the deputies had separate associations of their own in most parts of the country, there were other parts of the country where deputies belonged to the local miners' associations. It was held that this being the case the unemployed deputies belonged to a grade or class, members of which were participating in or financing the dispute.

It seems doubtful whether any clause dealing with this vexed question will ever be regarded as entirely satisfactory by both sides. To give satisfaction to one side, the clause would probably have to go so far in one direction as to be entirely unsatisfactory to the other side. There is little doubt that if all the facts could be known there are in all disputes some men who under the rules are entitled to and receive benefit, who in strict equity ought not to receive it, while, on the other hand, there are no doubt some who, because they cannot avoid the technical disqualification cannot get benefit although in strict equity they should.

A matter on which there has been some division of opinion and which obviously called for settlement before a national scheme of unemployment insurance could be launched, was the character of the fund from which unemployment benefit should be paid. It has been strongly contended that unemployment is a national problem and should be dealt with on national lines, not by way of an insurance scheme to which employers and workers were required to contribute, but by means of a scheme financed from national resources, that is to say, by the Exchequer, out of the national taxes. This contention has been put forward on the ground that industry, by which is meant both employers and employed, should be relieved of the burden of unemployment insurance, and that on both economic and equitable grounds the charge in respect of the maintenance of unemployed workers should fall upon the general body of taxpayers. This view, although perhaps strongly held by some people, has not found any great measure of public support, and since the principle of a contributory scheme has been accepted and adhered to since the inception of the limited scheme in 1911, it seems hardly likely that there will be a departure from that principle. Moreover, the contributory

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scheme has important precedents and support from other schemes of social insurance—for example, Health Insurance and Widows and Old Age Contributory Pensions.

On the assumption that the scheme should be based on a fund contributed by the persons interested, the question arises, "Who are the persons interested and in what proportions should they contribute?" The insured workpeople are obviously interested since they are the people who are intended to benefit in the event of the risk accruing against which they are insured. The employer's interest may perhaps not be quite so direct, but it is very real. He has had the advantage of the worker's services during employment, and it is not unreasonable that he should bear some proportion of the cost of benefit during the inevitable unemployment of that worker. Further, the health and skill of the workers are undoubtedly maintained for the future benefit of the employer when a further call for the services of the workers arises. As regards the State, it is obviously in the interests of the community as a whole that the evils of unemployment should be mitigated and that the State, as the guardian of those interests, should bear a share of the burden. There is, too, the same argument in support of a State contribution as in the case of the employers. The health, skill, and well-being of the industrial workers are matters which are of vital interest to a State, and particularly to one which depends very largely upon foreign trade for which it has to compete in markets with other countries. But for an unemployment insurance scheme to which employers and workers contribute, there can be little doubt that the State would find itself much more heavily burdened in the relief of unemployment, particularly during such periods as the country has experienced in the past six years, than it is under present conditions. From the merely materialistic point of view, therefore, it is to the interest of the State to assist in the formation of an unemployment insurance fund.

But if it is agreed that employers, employed, and the State are all interested and should, therefore, share in the cost of an unemployment insurance scheme, the question still remains, "In what proportions should they contribute?" The Act of 1924 provided that when the period of deficiency came to an end the contributions of the three parties—employers, employed, and the Exchequer—should be equal. It may perhaps be conceded without argument that the interests of the employers and employed are approximately the same, and it is not merely convenience or expediency which may lead to the conclusion that the share of the State might be the same as that of the other parties. If the State comes in as an equal partner, it should have at least an equal voice in determining the character of the administration, and having regard to the special position which it occupies, there can be no doubt that it should be a predominating voice. The financial consideration also remains.

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Unless the State takes an adequate share of the financial responsibility for the scheme an undue burden might well be placed upon industry, which in its reactions might mean greater financial cost to the State than the light contributions to the insurance scheme.

The question of administration has been incidentally mentioned in connection with the problem of the contribution to the fund. It is necessary to elaborate this, since a difficult problem arises out of the modifications which it has been necessary to make in the scheme as the result of the abnormal experience during the depression of the past six years.

Under the scheme as extended in 1920, and indeed from 1911, the scheme has been administered by a department of State, originally the Board of Trade, and later, and at present, the Ministry of Labour. Under the machinery set up by the Acts the determination of claims to benefit is in the hands of statutory bodies. In the first instance the decision whether a claim should be allowed or disallowed rests with an officer called the insurance officer. In the event of disallowance the claimant has the right to appeal to a court of referees consisting of a chairman, who is normally a man of legal training and experience, and two other members drawn respectively from panels of employers and insured contributors. A claimant may appeal from the decision of the insurance officer to the court of referees and in certain circumstances to the umpire, who is an independent authority appointed by the Crown and wholly independent of the Ministry of Labour. His decision on a claim is final.

This machinery still deals with the normal conditions and disqualifications attaching to claims to benefit, such as the genuineness of the search for work and the causes of the unemployment, e.g., misconduct, voluntary leaving, and trade disputes.

When eight million persons were brought within the scheme for the first time in November, 1920, it was not anticipated that the industrial situation would develop as it did immediately afterwards. It was realized that inevitably there would be some unemployment amongst the newly insured workers in respect of which they would not become entitled to benefit because they had not paid a sufficient number of contributions in the time available. A provision of a temporary character was made to deal with this probability. The numbers who became unemployed immediately after the extension of the scheme, however, were so great that the temporary provision which had been made was wholly inadequate.

Hundreds of thousands of workers became unemployed who, in normal circumstances, would undoubtedly have been engaged in industrial occupations. They were not unemployed because they did not want to work: the position simply was that, owing to the failure of markets and other causes, there was not work for them to do. It is not necessary to

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waste time in dealing with a suggestion which has sometimes been made but of which not so much is heard to-day, that the people who draw unemployment benefit, or, as it is ignorantly called, "the dole," are the worthless idle, but it is worth while to remark in passing that it would be a fallacy to suppose that the people registered at the Exchanges are the same individuals year in and year out. There is, in fact, quite a remarkable turn over in the register week after week, even in the worst times.

Special steps were taken early in 1921, and by a succession of legislative measures in that and the following years to make provision under the Unemployment Insurance Scheme for those unemployed workers who had not available to their credit contributions which would justify the payment of benefit under the normal scheme, which it will be remembered limited benefit to one week for every six contributions, and to a maximum of twenty-six weeks in a year.

The expedient adopted in the various emergency measures which have been passed during the last six years has been to pay benefit at the ordinary rates irrespective of the payment of contributions and, latterly, without a limit of duration. As the primary test of the payment of contributions to prove both the genuineness of the applicant as a worker and the fact that he was normally within the insurance field was not available, it became necessary to set up other tests in its place. These tests, put shortly, were that the claimant must show that he was normally engaged in insurable work, i.e. was within the insurance field, that in normal times insurable work would be likely to be available for him, that during the past two years he had done a reasonable amount of insurable work, having regard to the opportunities, and that he was making every reasonable effort to obtain employment suited to his capacities.

These were matters which it was recognized were hardly suitable for decision by the ordinary machinery of the insurance officer, court of referees, and the umpire. Moreover, in view of the volume of unemployment which existed, it would have thrown a heavy strain on the normal machinery to have asked it to deal with questions arising out of the special conditions made under the emergency provisions. Advantage was therefore taken of the existence of the local employment committees attaching to the employment exchanges by making them the bodies which should examine the bona fides of the applicants who had to claim this new kind of benefit (which was first called uncovenanted and later extended benefit).

The local employment committees consist of representatives of local employers and workers, with added members representing certain interests, such as local authorities and ex-Service men's organizations. Even those committees would not have been sufficient for the task which confronted them. They were, therefore, requested to form rota committees to the extent required in each locality from employers' and workers' representatives in the district.

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The practice is that when a claim for extended benefit is made the claimant is first interviewed by an officer of the employment exchange, who obtains all the information which appears to be relevant to the claim in order that there may be information before the rota committees to enable them to come to a proper decision. The claimant then appears before the rota committee, who may, and usually do, examine him and make a recommendation whether or not his claim should be allowed. In general the recommendations of the committee are accepted by the Minister, whose decision, it should be stated, is final on claims to extended benefit.

The position at the moment, therefore, is, that there are really two systems of benefit in operation side by side. There is standard benefit with a limit of twenty-six weeks in a year, and extended benefit without a statutory limit.

This is a state of affairs which obviously should not continue when normal times are reached. A means must be found of providing a reasonable rate of benefit for a reasonable time. If the Unemployment Insurance Scheme is to obtain general consent and command confidence, it must be evident that it can fulfil its functions with a rate of contributions which is not unduly burdensome to any one of the three contributing parties, that the rate of benefit while adequate is not dangerously high and is paid for a reasonable time, and that the administration of the scheme is such that there is reasonable security that only those persons genuinely unemployed and desirous of obtaining work will become entitled to the benefits. Over and above all these considerations must be the fact that the scheme, taking the long view over a period of years covering times of good, average, and bad trade, will be actuarially sound and self-supporting, having regard to the contributions receivable and the benefits payable.

The problem, therefore, and it is perhaps the most difficult one which confronts the administration at the moment, is how to get back from the present emergency basis on which the scheme is operating to the plan which will be suitable for the normal times which it may be hoped are not too far distant. Although such times will inevitably, as in the past, include periods of trade depression, one may hope that they will not be so deep or as long-lasting as that which has existed since the end of 1920.

The first factor in this problem is the rate of unemployment to be anticipated when the present abnormal slump may be regarded as having come to an end. Information as to the rate of unemployment in normal times is still not as complete as might be wished in relation to some of the industries covered by the scheme. While there was some information outside the trades which were brought into insurance in 1911, the experience which has been gained since that time has not really added much to our knowledge. The two years during which the limited scheme operated before the War were years of good trade. During the War

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there was very little unemployment, and both during the War and after it the experience has been so entirely abnormal as to be of little value for the purpose of forecasting the future. The difficulty, therefore, of making an estimate of the future rate of unemployment, taking good, bad, and average times together, is obvious, but one may hope that the estimate will be such as to enable the observance of the two main conditions which have been laid down, viz. a reasonable rate of contribution for a not inadequate benefit.

A problem of some difficulty will obviously arise out of the transition from existing conditions to the permanent scheme, whatever it may be. There are considerable numbers now in receipt of benefit who not only are not drawing their benefit in virtue of contributions standing to their credit, but who, in fact, have long since exhausted any contributions they have paid and are in the position of having overdrawn their accounts, some of them very heavily. If the permanent scheme contained a provision on the old basis that benefit might only be drawn in the proportion of one week for every six contributions to the individual contributor's credit, all those people would be automatically excluded from the benefits of the permanent scheme. It might take many of them years of steady work and payment of contributions before their individual accounts again became in credit. There is, therefore, the problem of dealing with those cases where large debit balances exist. Obviously a scheme which would require the payment of contributions in some cases for years before there could be any possibility of receiving benefit in the event of unemployment is not one which would obtain acceptance.

On the other hand, it is inconceivable that a permanent scheme could continue to have as a permanent feature a system of extended benefit such as exists to-day, payable irrespective of contributions. A middle way must be found which will avoid both these difficulties. This problem and some of the other questions touched upon this evening are, no doubt, matters which have been considered by Lord Blanesburgh's committee, and the result of their labours is awaited with considerable interest.

Time has forbidden the mention of many of the problems which arise, but enough has perhaps been said to show that the word "problem" is not a misnomer for the many questions raised by this very difficult subject—a subject which is really of vital importance to the whole of the employed community.

There can be little doubt that the scheme of unemployment insurance has come to stay as a permanent feature of our social system. Such a scheme, touching as it does the lives of something like 12,000,000 people, is one which calls for the goodwill and co-operation of all, and given a true understanding of its aims and methods, there can be little doubt that that goodwill and co-operation will be forthcoming.

Some Aspects of English Administrative Law

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ADMINISTRATIVE law may be defined as the rules applied by courts specially established to determine disputes (a) between the ordinary citizen and persons clothed with special powers as agents of the government, and (b) between such agents themselves. Where, as in England, there are no such special courts, administrative law will be secreted in the interstices of private law. To disentangle it would be an immense task, for it includes the bulky historical technicalities of the special immunity of the Crown and by what authority that immunity is shared, the interpretation of the Local Authorities' Protection Act, the law relating to civil servants and the special immunities with which Parliament has clothed different officials. But while the ordinary courts are the final authority in all such disputes—while the rule of law formally prevails—there are many disputes solved and adjustments made by quasi-judicial tribunals other than courts. A wide definition of administrative law would include the rules applied by all such bodies and the rules applied by the ordinary courts when reviewing them. It is with this latter content—the rules determining the relation between the ordinary courts and bodies and persons other than courts exercising a quasi-judicial power, e.g. their relation to Government departments clothed with the power to hear and decide cases of which they have special knowledge—that this paper deals. Have the ordinary courts of justice any equipment for dealing with that problem? A comparison with America may here be helpful.

Compared with American, English courts have been particularly sheltered from the necessity of solving political and economic problems. They have not had to give substance to the form of a written constitution. They have not had to struggle with the doctrine of the separation of legislative, judicial and executive power—a doctrine which has sometimes forced the United States Supreme Court to rival the casuistry of the fourth century.¹ And yet, in their smaller field, the English courts show symptoms of the same distress and produce the same inconsistencies as the American. In America the courts are rocked by political and

¹ The separation of powers has produced something of the subtleties of the doctrine of the One in Three and the Three in One.

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economic earthquakes. In England they tremble like the seismographic needle.

The problem at bottom is whether the rules of a court of law as to evidence, the interpretation of statutes, and the determination as to whether a lower court has correctly exercised the discretion possessed by it, can be applied to tribunals other than courts of law and concerned with problems of industrial and social control where the settlement of the particular case is often of more importance than the principle applied. Can the technique developed to decide conflicts between plaintiff and defendant be adapted to the weighing of social values or the choosing of expedients? Lord Sumner once said that courts are "ill-equipped to weigh the merits of one solution of a practical question against another." And in England, while Dicey's formal rule of law prevails, the courts admit that administrative bodies need not pursue a procedure identical with that of a court of justice. The courts recognize that there is a "new judiciary"¹ concerned with problems that require a new equipment. They feel that they should exercise a persuasive veto over that new judiciary; that while they cannot enter into the substance of its work they can insist on certain forms of procedure. In a word, they exercise a veto on the new forms of machinery for social investigation and adjustment that Government departments and others authorized by Parliament are creating.

The intention of this paper is to show some aspects of the exercise of that veto. Only a few will be considered, for the whole is a vast jungle. "The peculiar traditions of Anglo-American justice and politics," writes Wigmore, "look upon the supremacy of the Courts as a necessary safeguard of civic liberties. Nevertheless, no part of our law is more incoherent and confused both in theory and terminology. It has grown up by rulings delivered under various headings of the law; and the largest part of it is disguised under procedural rulings about *certiorari*, *mandamus*, and other unrelated remedies, applied without consistency of principle to numerous officials of the most varied type, independence and authority. Meanwhile, the last few decades have seen a great multiplication of administrative offices by legislative creation, and the courts have had to solve this new and vast extension of problems without any equipment of systematic theory ready in our law for the purpose. Hence a tangled mass of inconsistent rules representing a transitional stage of development, and this must endure for a long period without hope of classification."² The immense body of cases in America, due in part to the problems of co-ordination in a federal system, in part to the fact that much that is done in England by legislative action is done there by commissions, in

¹ Title of article in *Law Quarterly Review*, vol. xxvi, p. 203, by W. J. L. Ambrose.

² Wigmore, *Evidence*, 2nd ed., vol. i, p. 22 (see §§ 4a to 4c for literature and cases on administrative law).

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part to the questions that arise as to whether the mingling of judicial, legislative, and executive power in such commissions is constitutional, show us the courts achieving a classification of expediency. The courts have had to decide whether they would hold unconstitutional the exercise of admittedly mixed legislative, judicial, and executive powers by tribunals specially appointed to deal with urgent problems of government. They have had to decide whether the delegation by Congress to bodies alone competent to deal with the technicalities of rule-making powers involved any unconstitutional delegation of legislative power. They have had to decide whether the procedure of the Inter-State Commerce Commission and Immigration officials, and other vital administrative bodies, must adopt the special procedure of courts of law. To review the cases that have arisen would be to write a treatise on American constitutional law. But some dicta from the cases will illustrate the courts' recognition of the real problems involved. In an early case we read that "the natural distribution and the necessary distribution (of governmental power) is into legislative, executive and judicial, but it is obvious that every community may make a perfect or imperfect separation of these powers at will."¹ The imperfect separation of these powers that the courts have permitted, and the safeguards in their exercise that they have demanded, seem to have been determined in the long run by their views as to (1) the nature of the issue involved, (2) the dependability of the tribunal concerned, (3) their own capacity to solve the problems involved; the volume of business with which their intervention would burden them being an important consideration.

(1) In spite of the doctrine of the separation of powers, the authority of Congress to regulate foreign commerce has been interpreted to permit the widest delegation of the power to make regulations. "To deny the power of Congress to delegate such a duty (the enforcement of standards in the quality of imported tea) would, in effect, amount but to declaring that the plenary powers vested in Congress to regulate foreign commerce could not be efficaciously enforced."² The judiciary has refused to enforce the judicial procedure of courts in the collection and assessment of taxes. "Taxes have not, as a general rule, in this country since its independence, and in England before that time, been collected by regular judicial proceedings. The necessities of government, the nature of the duty to be performed, and the customary usages of the people, have established a different procedure, which, in regard to that matter, is, and always has been, due process of law."³ In *U.S. v. Grimaud*,⁴

¹ 7 Peters, 469 (*Livingstone v. Moore*). Perfect separations are too often made. In 66 Ohio, 249, the court said of the constitution of that state, "It does not recognize such a power as administrative power. The constitution provided only for legislative, executive, and judicial powers."

² *Buttfield v. Stranahan*, 192 U.S. 470.

³ Mr. Justice Miller in *Kelly v. Pittsburgh*, 104 U.S. 78.

⁴ 220 U.S. 506.

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regulations by the Secretary of State for Agriculture regulating the grazing of sheep in public lands were held constitutional, Mr. Justice Lamar saying, "The authority to make administrative rules is not a delegation of legislative power, nor are such rules raised from an administrative to a legislative character because the violation thereof is punished as a public offence." Regulations as to the size of packages, and the marks, stamps, or brandings to be used by manufacturers of oliomargarine have been similarly upheld.¹ Censorship of films by State boards of censors also has escaped being declared an unconstitutional delegation of legislative power. Mr. Justice McKenna said, "Undoubtedly the legislature must declare the policy of the law and fix the legal principles which are to control in given cases; but an administrative body may be invested with the power to ascertain the facts and conditions to which the policy and principles apply. If this could not be done there would be infinite confusion in the laws, and in an effort to detail and particularize they would miss sufficiency both in provision and execution."² The terms of statutes must "get precision from the sense and experience of men."

(2) The Inter-State Commerce Commission controls railway rates throughout the United States. Congress embodies in legislation the rules and rates that the Commission has worked out. There is nowhere in the world a more powerful fusion of legislative, judicial, and executive power. The Supreme Court claims to have "ascribed to its findings the strength due to the judgment of a tribunal appointed by law and informed by experience."³ Mr. Justice Holmes said, "Within its jurisdiction, except in the case of fraud or a clearly shown adoption of wrong principles, it is the ultimate guardian of certain rights. The State has confided these rights to its protection—has trusted to its honour and sagacity as it confides the protection of other social relations to the courts of law. Somewhere there must be an end."⁴ The Supreme Court therefore upheld an order of the Commission denying the power to inspect the Commission's records to a railway that was appealing against a valuation of the Commission. Though the Commission had no object except to arrive at the truth, it could not do so by stopping all its work while strangers searched its records.⁵ In a quite different group of problems dissenting judgments have striven to give workmen's compensation tribunals wide discretion as to the rules of evidence they may apply. Mr. Justice Pound said, "We cannot overlook the obvious fact that the changing experience of mankind may dictate that these fundamental principles (of rules of evidence) be modified and liberalized in their application, when the hearing is before Tribunals which adjudicate both on law and

¹ *In re Pollock*, 165 U.S. 526.

² *Mutual Film Corp. v. Industrial Commission of Ohio*, 236 U.S. 541.

³ *I.S.C.C. v. Union Pacific*, 222 U.S. 541.

⁴ *Railway Co. v. Babcock*, 204 U.S. 585 (at 598).

⁵ *St. Louis Ry. v. I.S.C.C.*, 264 U.S. 64.

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fact and not before a jury summoned temporarily from the vicinage and untrained in the discriminating art of deciding causes on evidence."¹

(3) The Supreme Court has refused to sit as a general appellate board of revision for all rates and taxes in the United States.² In the tangle of cases on the question of the control of immigration the Court has refused to hold that no penalty could be imposed by administrative officials. Such a proposition, it argued, "magnifies the judicial to the detriment of all other departments of the government";³ but it has held that the issue of citizenship in cases of deportation must be judicially tried. Citizenship is a problem with which courts are particularly competent to deal,² while the nature of a skin disease is not.⁴ Nor have they burdened themselves with the post-war problems of the Veterans' Bureau.⁵

The expediency illustrated above had to be secured through the manipulation of certain technicalities. In America, where the economic and political issues are vast, the expediency is more firmly underlined.⁶ In England the technical rules show more clearly. But in both cases the interest lies in the evidence as to the uncertainty of the judicial process. Such cases as *Arlidge v. Local Government Board* and *Roberts v. Hopwood et al.* are but symptoms of the impossibility of the courts achieving certainty in their solutions of social problems.

Courts strive to reconcile certainty and flexibility. They do so by their use of precedents. A particular conflict is adjusted by some principle. Analogous conflicts are adjusted by the same principle. Sir Henry Maine has described the fictitious nature of this professed certainty :

When a group of facts come before an English court for adjudication . . . it is taken absolutely for granted that there is somewhere a rule of known law which will cover the facts of the dispute now litigated. . . . Yet the moment the judgment has been tendered and reported . . . we admit that the new decision *has* modified the law. The rules applicable have, to use the very inaccurate expression sometimes employed, become more elastic. In fact, they have been changed. A clear addition has been made to the precedents, and the canon of law elicited by comparing the precedents is not the same with that which would have been obtained if the series of cases had been curtailed by a single example."⁷

When a new problem is presented to a court, the principle from which it professes to deduce its solution is always of much wider application than the particular case it decides. This width of application is gradually discovered. But at the same time the succession of cases solved by the

¹ *Carroll & Knickerbocker Ice Co.*, 218 N.Y. 435.

² *San Diego Land & Town Co. v. Jasper*, 189 U.S. 439.

³ *Oceanic Steam Co. v. Stranahan*, 214 U.S. 320.

⁴ *Ng Fung Ho v. White*, 276.

⁵ *Silberschein v. U.S.*, 266 U.S. 221.

⁶ E.g. there is little citation of cases of one field (e.g. immigration) in another (e.g. Railway Commissions).

⁷ *Ancient Law*, p. 19 (Everyman).

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application of the principle presents groups of facts from which by inductive study new principles may be derived. The disharmony between the principles first applied and the new ones emerging by induction from the facts constitutes the so-called conflict between logic and experience in the law. In administrative law—in, that is, the courts' review of tribunals other than courts—there is little correlation between the principles first applied and the new ones that emerge from the facts. In administrative cases there is a curious variability about the citation of precedents. To the layman the nature of the judicial process must always remain obscure. But he perhaps does not deceive himself when he detects in the English courts a craftsman's pleasure in the very small, and something of the scientist's triumph in discovering a universe in a grain of sand. Judges seem often to agree with Emerson "that there is no great and there is no small to the soul that maketh all"! There is much satisfaction when *Beelzebub v. The British Empire* is decided by the analogous case of *Beadle v. Vestry of St. Pancras*. But the use of analogies in administrative cases is often a mere cover for judicial legislation. The dicta of the judges are of interest in illustrating their attitude towards the legislative problems they have to decide. The English theory of judicial control is best stated by Channel:

The enforcement of obedience to the law must, as it seems to me, always rest with the tribunals of the country, although it is not uncommon in modern legislation to depute to some person or body assumed to be skilled in the matter the sole power of deciding matters necessary to be decided in applying the law. In such cases the courts always strictly confine the person so deputed to the limits of his jurisdiction.¹

How are these limits determined?

There must be certain conditions on which the right of every tribunal of limited jurisdiction to exercise that jurisdiction depends. But these conditions may be founded either on the character and constitution of the tribunal, or upon the nature of the subject matter of that enquiry, or upon certain proceedings which have been made essential preliminaries to the enquiry, or upon facts or a fact to be adjudicated upon in the course of an enquiry.²

If the latter, the court, before it could decide the question of jurisdiction, would have to assume the function of a court of appeal, i.e. try the case before it can discover whether it should have been tried by the body it is reviewing.

But a court has not merely to decide the limits of an inferior body's jurisdiction. It has to decide whether the discretion within its legal jurisdiction has been reasonably exercised. It has not merely to draw the legal circle that encloses the other's activities, but to pronounce on their quality.

¹ Channel, J. (1908), 1 K. B. 685 (at p. 700), *Welford v. C.C. of W.R. of Y.*

² (1874), L. R. 5 P. C. 417 (at 442-3), *Colonial Bank of Australia v. Wills*.

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English courts are not too lucid in their definitions of discretion. In 1770 we read that "discretion when applied to a court of justice means sound discretion guided by law. It must be governed by rules not by humour. It must not be arbitrary, vague and fanciful, but legal and regular,"¹ and in 1925, Lord Wrenbury tells us that a discretion "does not empower a man to do what he likes merely because he is minded to do so—he must in the exercise of his discretion do not what he likes but what he ought. In other words, he must by use of his reason ascertain and follow the course which reason directs. He must act reasonably."² This is Hamlet's reply to Polonius, "What read you, my lord?"

These rules are difficult to apply in the ordinary work of the courts. They are the more difficult when the problems involved are of an administrative nature. We can see these difficulties clearly though in little in the cases that concern the work of the Justices of the Peace. The Justice of the Peace in the early part of the nineteenth century was doing more than half the governing of England. In liquor licensing they faced all the problems of administrative discretion. Much of English administrative law has its roots in the problems associated with beer-houses.

The Justices had both judicial and administrative power. In trying criminal cases they would, like a court of law, be privileged against action for defamatory statements. In granting licences they might determine the procedure of a hearing,³ make preliminary investigations as to the needs of the neighbourhood;⁴ any member of the public without an individual right or interest in the grant of a licence might appear before them because he merely informed the mind of the court to exercise its discretion whether to grant a privilege or not.⁵ The courts recognized that their action in granting licences "was consultative for the purposes of administration and not judicial,"⁶ and that they were "deliberately appointed because they were likely to have local knowledge."⁷

How, then, did the court determine their jurisdiction and control their discretion? When the justices, by arrangement with the owners of premises, granted provisional licences and referred them to Quarter Sessions the court held that they could not thus refer the question of renewal to the confirming authority (Quarter Sessions) unless they had judicially come to the conclusion that the renewal required consideration on other grounds than they had power to consider.⁸ When they granted a licence on condition that the applicant paid a sum of money, Darling, J., said, "The justices have here approached the consideration of the case

¹ Mansfield.

² *Roberts v. Hopwood et al.* (1925), H. C. 578.

³ *Queen v. Sharman* (1898), 1 Q. B. 578.

⁴ (1902), 2 K. B. 363, *King v. Howard*.

⁵ *Boulter v. J. of K.* (1897), A. C. 556.

⁶ *Esher in Royal Aquarium v. Winter Garden Socy.* (1892), 1 Q. B. 431.

⁷ (1902), 2 K. B. 363, *Rex v. Howard*.

⁸ *Rex v. Woodhouse* (1906), 2 K. B. 501.

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with preconceived theories as to the proper distribution of the unearned increment arising from the grant of a licence to particular premises, and have allowed these theories to influence their decision."¹ They were therefore quashed. In *Sharp v. Wakefield* (1891), A. C. 179, the House of Lords said that they must fairly decide the question submitted to them and must not by evasions attempt to repeal the law which permits public houses to exist. In *Lord Mayor of Leeds v. Ryder*,² the House of Lords held that the J.P.'s were "exercising a discretion which may depend upon considerations of policy and practical good sense. They must, of course, act honestly. That is the total of their duty." Broadly, the courts imposed two limitations on the granting of all licences whether by J.P.'s or by councils that have inherited their powers; they must not pass general resolutions to grant no permission;³ and they must not be influenced by extraneous considerations. The first limitation may be purely formal; the second will vary in its effect according to the nature of the problem, or the nature of the non-judicial tribunal.

Sometimes the two limitations will be tangled together.

A refusal may be conveyed in one of two ways: there may be an absolute refusal in terms or there may be conduct amounting to a refusal. In the latter case it is difficult to draw the line between those cases where the tribunal or authority has heard and determined erroneously upon grounds which it was entitled to take into consideration and those cases where it has heard and determined upon grounds outside and beyond its jurisdiction; but this conclusion may be drawn from decided cases, that there is no refusal to hear or determine unless the tribunal has in substance shut its ears to the application which was made to it and has determined upon an application which was not made to it. . . . There are, on the other hand, cases where a tribunal in the honest exercise of its discretion has adopted a policy and without refusing to hear an applicant, intimates to him what its policy is; and that after hearing him it will in accordance with its policy decide against him unless there is something exceptional in his case. (This is legitimate.) On the other hand, there are cases where a tribunal has passed a rule, or come to a determination, not to hear any application of a particular character by whomsoever made. There is a wide distinction to be drawn between the two classes.⁴

In the cases which turn upon the tribunal being influenced by extraneous considerations it would seem that a little subtlety or dishonesty on the part of the tribunal concerned and the courts' spell of words would be powerless.⁵ If the tribunal is a local authority, the court will not interfere with its decision if it were arrived at without considering matter that was inadmissible, "even though on the facts the court itself would have come to a different determination."⁶ If the tribunal is careful

¹ *Queen v. Bowman* (1906), 2 K. B. 501.

² (1907), A. C. 420.

³ *King v. L.C.C.* (1918), 1 K. B. 68.

⁴ *Banks, Rex v. Port of London* (1919), 1 K. B. 176 (at 184).

⁵ Note Brougham's speech on the State of the Law, 1828: "Let him (J.P.) only give no reason for his conduct and no power on earth can touch him" (p. 38). The J.P.'s undoubtedly abused this power.

⁶ *Reading, Rex v. Brighton Town Council*, 32 T. L. R. 239.

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to avoid any statement of considerations that influenced it the court will be excluded. But if the considerations are stated the court will form its own idea of their relevance. It will decide if there is a proximate relation between the power given and the regulations made or considerations stated. In small cases it will use a common-sense test of reasonableness—a kind of justice without law. A local authority may not refuse approval of plans for a picture palace on the grounds of congestion of traffic.¹ The refusal to grant an omnibus licence on the grounds of traffic was upheld, but a *mandamus* granted when the same authority refused a licence to charrs-à-banc because it disapproved of them on other grounds.² The refusal to grant a licence to a cinema company the majority of whose shareholders were alien enemies was upheld.³ "It is for the licensing authority, acting reasonably, to have regard to every relevant consideration which tends to show whether a person to whom they are asked to grant a licence is one in whom in the circumstances they have confidence," said Buckley, J. The condition that children should not be allowed in the licensed premises after 9 p.m. unaccompanied by a parent or guardian was held *ultra vires* because the court considered that there was no connection between the grounds of the condition and the subject of the licence and that the Cinema Act of 1909 had not made the local authority the judges of the question of public policy involved in the exclusion of children.⁴ In an appeal from Canada the Privy Council held that a Commission on expropriation appointed to exercise its power in a "faithful, diligent, and impartial manner" had not by taking into consideration the prospective value of land when valuing adopted a palpably erroneous principle nor been guilty of a want of diligence.⁵ In the last two cases cited the court touched important questions of public policy. In the first case the wording of the Act gave them a simple solution. They could avoid the difficulties of public policy in the shelter of the craftsmanship of statutory interpretation. In the second they were far enough away from the scene of action to be impartial. But this is not always so. Sometimes the question as to whether a tribunal has refused to consider an application, or has made some decision upon a consideration of "irrelevant" matter, cannot be solved without the court openly substituting its judgment for that of the tribunal concerned. That tribunal may be a government department. Sect. 7 of the Education Act of 1902⁶ has occasioned such difficulties. In *Board of Education v. Rice*, a dispute between the managers of voluntary schools and the local

¹ (1922), 1 K. B. 250, *Rex v. Cambridge Corpn.*

² 32 T. L. R. 239, *Rex v. Brighton Town Council.*

³ (1915), 2 K. B. 466, *Rex v. L.C.C., ex parte Electric Theatres Ltd.*

⁴ (1915), 2 K. B. 49, *Theatre de Luxe v. Abdshill.*

⁵ (1876), 11 A. C. 168, *Mayor of Montreal v. Brown and Springle.*

⁶ Sect. 7, sub-sect. 3: "If any question arises under this section between the local education authority and the managers of a school not provided by that authority, that question shall be determined by the Board of Education."

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education authority was, the court argued, a question under Sect. 7 to be decided by the Board of Education. But in the course of the dispute the Board, asked by the managers what salaries they ought to pay their teachers, answered the totally different one at what salaries they could get efficient ones. The court considered that in so doing the Board was supporting an attempted discrimination against voluntary schools not intended by the Act, and allowed a *certiorari* and issued a *mandamus* to them to hear and determine the real question submitted.¹ In an earlier case the court had said, "The Board of Education cannot say because they do not like the law as it stands they will give directions that will frustrate its object."² That the voluntary schools were to remain part of the educational system of the country depended not on Sect. 7 alone.

It is to be gathered from the whole scope and tenor of the Act and from the comparison of it with the antecedent legislation and imparting the knowledge which every one has, and which the legislature had of the state of things which existed at the time of the Act.

There was in this case an obvious historical background to suggest to the court its delimitation of the Board of Education's jurisdiction. In granting *certiorari* courts have always considered expediency and policy. In an early case concerning the Commission for the Fens we find it stated that "courts are cautious in granting *certiorari*; first they make inquiry into the nature of the fact and what will be the consequence of granting the writ; because the country may be drowned in the meantime whilst the commissioners are impeded by the *certiorari*."³

The most difficult case is where the court has not merely to decide whether or no to substitute its judgment for that of the tribunal concerned, but has to decide between the conflicting judgments of two authorities both possessing discretionary power. Such was the recent case of *Roberts v. Hopwood et al.* The court had to decide between checking the discretion of a representative body and checking the discretion of a government official. The controlling statutes were ambiguous and the court had more openly than usual to legislate. Legislation by the House of Lords on Poor Law relief has, of course, provoked criticism.⁴ The case is one instance of the disability of a court of law to deal with public policy. But it may be noted that had the local authority concerned been more cautious in expressing the grounds of its decision it might have been upheld.⁵

In addition to the problems of jurisdiction and discretion there is that of "fairness." English courts have always claimed to understand the nature of natural justice from Dr. Bentley's case when Mr. Justice

¹ (1911), A. C. 179.

² (1908), 1 K. B. 685, *Welford v. West Riding of Yorkshire C.C.*

³ Lord Raymond, 560, *Rex v. Inhabitants of Glamorganshire*.

⁴ Laski, 39 H. L. R. 832, *Judicial Review of Social Policy in England*.

⁵ See Lord Buckmaster's judgment in *Ex parte Roberts*.

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Fortesque, basing his argument on the hearing given by God to Adam after the fall, said, "The laws of God and man both give the party an opportunity to make his defence if he have any,"¹ to the Earl of Halsbury's statement that "there are some principles of justice which it is impossible to disregard."² That a person should not be condemned to consequences resulting from alleged misconduct "unheard and without having the opportunity of making his defence" is, moreover, a rule "not confined to the conduct of strictly legal tribunals, but is applicable to every tribunal or body of persons invested with authority to adjudicate upon matters involving civil consequences to individuals."³ But the greatest uncertainty is shown by the courts in their review of the procedure adopted by tribunals. It was Hamilton J.'s examination of the vagueness of the standards of natural justice⁴ which enabled the House of Lords with a clear legal conscience to decide the *Arlidge* case the way policy or administrative expediency suggested. It is of interest to note the background against which the *Arlidge* case stands. Even in licensing cases there is much uncertainty as to what constitutes a fair hearing. The London County Council delegated to a committee of themselves the hearing of applications for music and dancing licences. The committee deciding against them, the applicants applied to the Council. At the hearing before the Council members of the committee who had voted against and instructed counsel to oppose the licence were present but did not vote. It was held that their presence vitiated the proceedings.⁵ "Though not in the ordinary sense judges," said A. L. Smith, J., "they are not emancipated from the ordinary principles upon which justice is administered . . . and which are founded on its very essence." But the presence of justices who had opposed the renewal of a licence on a compensation tribunal did not vitiate its proceedings.⁶ In this latter case Atkins, in a dissenting judgment, said, "Licensing justice on occasion has been suspect. This is licensed injustice. Even administrators have to comport themselves within the bounds of decency."

The principle which determined the *Arlidge* case was taken from *Rex (Cairns) v. L.G.B.* (1911), 2 I. R. 331, where Wright, J., said,⁷ "They (the Local Government Board for Ireland) are a great central controlling body, and to apply to them the same tests and the same considerations as would be properly applied to an ordinary judicial tribunal seems to me completely to mistake their true position and function." The *Arlidge*⁸

¹ Strange, 557 (at 567), *King v. Chancellor of Cambridge* (cited in 14 C. B. (N.S.) 180 (at 195), *Cooper v. Board of Works for Wandsworth*.

² (1905), A. C. 78, *Andrews v. Mitchell* at p. 80.

³ *Wood v. Wood* (1874), L. R. 9 Ex. 190.

⁴ In *Rex v. L.G.B.* (1914), 1 K. B. 160.

⁵ *Queen v. L.C.C.* (1892), 1 Q. B. 190.

⁶ (1925), 1 K. B. 685, *King v. Bath Compensation Authority*.

⁷ P. 347.

⁸ *Ex parte Arlidge* (1915), A. C. 120. The House of Lords held that while an appellant to the Ministry of Health against a closing order must be heard the hearing need not be oral nor need the confidential report of the Ministry's inspector be shown to the appellant.

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case suggests that there is no administrative law in the sense of a coherent body of rules which courts will apply in reviewing the activities of non-judicial tribunals, but merely departmental custom undiscoverable except by questioning civil servants. The courts argue that Parliament, being sovereign, must be presumed when it delegates to delegate to competent bodies. The courts can examine only whether the declared purpose and motives of these bodies are or are not relevant to the purpose delegated to them. A department which has been honoured by a delegation of power from a sovereign body must be presumed to act in good faith. Only flagrant abuse or startling carelessness will make possible judicial intervention. The department is judge of the procedure appropriate to fulfil its duty. Of course, should Parliament command a method the courts will see that it is followed. But in delegating its powers Parliament may merely name and not describe duties of machinery. Statutes give merely the skeleton of administrative organs. Administrative law tends to be secreted in the interstices of departmental procedure and thus unknowable.

But such a view is an oversimplification. *Arlidge* does not mean the abdication of the courts. With *Board of Education v. Rice* it indicates "that in the case of administrative awards there are at least some enforceable obligations which those making them must observe. What these are and to what extent they go has to be ascertained by considering the statutes creating the quasi-judicial powers and the particular forms in which a general principle has been implied in the establishment of such judicial authority."¹ Though a local authority may consider that nothing could be done to make a house habitable, they must consider plans for so doing before confirming a demolition order.² When the Ministry of Health laid down the procedural rule that appeals against a prohibition to build could be "determined without a hearing" by the Appeal Tribunal, a majority of the court (Reading and Sankey) held that "without a hearing" meant not without any hearing but without an oral hearing. Sankey, J., re-echoed the ghostly dictum that "it is a fundamental rule of law that no person can be deprived of his liberty or property without being heard or given an opportunity to be heard, before the properly constituted tribunal." But Sherman, dissenting, thought there was a hearing according to law because the tribunal was competent to decide whether a hearing was necessary. "The Tribunal," he said, "consisted of a King's Counsel, an engineer, a chartered accountant, the Chairman of the Industrial Council of the building industry, and the Chairman of the Resettlement Committee of the Industrial Council."

If the court does not substitute its judgment of the fitness of a

¹ (1921), 1 A. C. 631, *Everitt v. Griffith*, Viscount Haldane at 659.

² (1917), 2 Ch. 31, *Broadbent v. Rotherham Corp'n*.

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procedure for that of the tribunal concerned it is because it has judged the tribunal fit to decide its own procedure. When a medical officer had his name struck off by the General Medical Council the court did not interfere.¹ Bowen said that provided that the "substantial elements of natural justice were present"—provided, that is, that the medical officer was informed of charges against him and of the evidence, and given an opportunity to reply, and that the charges were "particulars of conduct which, if established, is capable of being viewed by honest persons as conduct which is infamous"—the functions of the court were at an end. Though the Council could not take evidence, or evidence which lawyers would consider evidence, the court could no more review the evidence than it could say whether the conclusion was right (Cotton). Of the Committee of the Law Society, Wills, J., said, "It is difficult to suppose that the court can have a better guide as to what ought to be considered professional misconduct than the opinion of those holding the highest and most distinguished place in the ranks of solicitors."² The Committee of the Stock Exchange may refuse to re-elect an applicant, and are not bound to give any reason for their decision.³ Had they stated any reason the court might have considered whether or no it was adequate. In a similar case⁴ in the House of Lords, Lord Birkenhead gave a cogent reason for non-interference. "How can your Lordships or any Court of Justice examine a hundred cases?" Courts cannot review the discretion of non-judicial bodies if to do so would mean they would be swamped with cases.

While satisfied in the case of professional bodies with the appearance of a fair hearing, courts are heavy in their criticism of government departments when such appearance is lacking. A committee of the Board of Trade can erase the name of a patent agent they consider guilty of professional misconduct. An agent was accused by the Admiralty of misconduct, and the Institute accused him before the Board of Trade. Eve, J., advised them to defend their agents rather than attack them.⁵ The committee of the Board of Trade was not, he said, "necessarily composed of individuals with any judicial or other appropriate qualifications." It

conducts its investigations in private . . . has no power to compel the attendance of witnesses or to insist on the production of documents; it cannot administer an oath and has apparently no rules of procedure to guide it; it communicates no findings or decisions to the parties; it makes a report to the Board which is conclusive as to the facts but of which no copy is furnished to the accusers or accused . . . and there is no appeal.

¹ 43 Ch. 366, *Leeson v. General Medical Council*.

² (1894), 1 Q. B. 254 in *Re a Solicitor*.

³ (1916), 2 Ch. 211, *Cassel v. Inglis*.

⁴ (1919), A. C. 606, *Weinberger v. Inglis*.

⁵ *Law v. Chartered Institute* (1919), 2 Ch. 276.

Some Aspects of English Administrative Law

The courts recognize the danger of secrecy, but the details of the procedure they will consider requisite beyond the formality of notice, and opportunity to state a case, will depend on their judgment as to the ability of the tribunal concerned and their own ability to deal with the problems involved. The volume and urgency of the disputes involved is the other factor influencing their decisions. A revenue case will illustrate this. An individual may be assessed on the report of a district inspector. He may appeal to the General Commissioners who have jurisdiction finally to determine the facts, with power to state a case for the decision of the courts. The court will not restrain the Commissioners unless it can be shown that there were no grounds upon which the surveyor or Commissioners could have believed that the person was chargeable.¹ Lord Reading said :

In my view an examination of the Income Tax Act shows that the scheme of the legislature is to entrust the decision of the facts to a tribunal of persons specially selected from the locality, who are often in a better position than the courts to determine the questions of fact, sometimes very complicated, which may arise. The emergencies of the State require that there should be a tribunal to deal expeditiously and at comparatively little expense with all such questions and to decide them finally, reserving always to the individual the right to have the Commissioners' decision on points of law reviewed by the Courts.

A wise judiciary will always practise self-limitation. They have not got the machinery of investigation necessary for the formulation of rules regulating the myriad technicalities of the great society.² The Arlidge case was but a symptom of the judiciary's recognition that their field of competence is limited. By taking a narrow interpretation of their duties they have the good effect of stimulating the demand for legislative action. In America the whole tradition of federalism gives the Supreme Court something of the sanctity possessed in England by the Crown. The effect of their veto on social legislation has been considered by many observers devastating.³ But necessity and the very volume of the work has gradually excluded them from seriously affecting the great administrative machinery of the Special Commissioners. In England the centre of interest is in the discussions as to what machinery may be devised to supervise the rule-making power of government departments. Some supervision by committees of the House of Commons is usually proposed. But however perfect the mechanism devised for controlling the rule-making power of Government departments, the problem of the part to

¹ (1915), 3 K. B. 768, *King v. Bloomsbury Income Tax Commissioners*.

² Courts are less and less competent to formulate rules for new relations which require legislation. They have the experience of the past but they do not have the facts of the present (Pound, *Common Law and Legislation*, 21 H. L. R. 383).

³ Max Radin's review of Warren's *Congress, the Constitution and the Supreme Court*, 39 H. L. R. 1113: "Only 53 federal statutes have been declared unconstitutional, but these involved an Employers' Liability Act, a Workmen's Compensation Act, a Child Labour Act, a Corrupt Practices Act, and a Minimum Wage Act."

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be played by the courts in reviewing the detailed application of these rules will still remain. There are no *prima facie* reasons against leaving a wide discretion to Government departments or other administrative bodies as to the procedure they should adopt. The technical rules of evidence used by a court of law are unsuitable for most administrative work. They fail whenever "the person who has to draw inferences from or about the facts has special qualifications for deciding on them, supplied to him by experience, study, or the peculiarities of his own character."¹ "A policeman guiding himself by the strict rules of evidence would be chargeable with incapacity; and a general would be guilty of a military crime."² We find the American Inter-State Commerce Commission reporting:

It is perhaps not too much to say that not a single case arising before the Commission would be properly decided if the complainant, the railroad, or the Commission were bound by the rules of evidence applying to the introduction of testimony in courts.

The effect of such rules in the administration of the English Workmen's Compensation Act has not always been desirable.³ When a writer in the *Law Quarterly Review* asks,⁴ "Are the Commissioners of Inland Revenue qualified to do justice in cases where the Chancery Division would not even try?" he states the whole case for administrative tribunals. In cases where courts have not the mechanism to do justice, adjustments if not justice must be made by others. To burden courts with such adjustments would weaken their power to do justice where they could. If there is the danger that departmental officials may be biased in favour of a departmental policy determined by a politician's party loyalties, on the other hand spasmodic intervention by the judiciary endangers the establishment of any new general principle.⁵ A department *may* lack independence; a court *must* lack knowledge. It is perhaps their sense of the necessity for a new judiciary to deal with industrial and social problems that makes the courts so severe in their strictures whenever the details of a particular case give an impression that these new bodies are not functioning healthily. But when a defect in the statutes gives to the courts a real administrative problem then, as in the *Roberts* case, their unfitness is manifest. In any case, legislation by a committee of the House of Lords alone is politically inexpedient.

¹ Maine, *Village Communities*.

² *Ibid.*

³ Wigmore, *Evidence*, 2nd ed., vol. i, §§ 4a-4c.

⁴ Ambrose, 26 L. Q. R., at p. 210.

⁵ Stamp in "Recent Tendencies towards Devolution," *Journal of Public Administration*, vol. ii.

The Organization of Municipal Supplies

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[Paper read before the Institute of Public Administration, March, 1927]

The Case for a Central Department of Supplies

THE question for consideration is whether it is better to have the work of purchasing supplies for a public authority carried out by a special staff working as a unit under one control and on standardized methods, or to have a number of disjointed units under different controls and working on different lines.

While every one in theory can conduct a business transaction in some fashion or other, successful purchasing is a highly specialized business, and a long apprenticeship is necessary before proficiency is attained. Purchasing to sell again in the commercial sense is in a different category altogether, and is not in a general way comparable with public service conditions. The principle of collective buying, which is old-established in the Government departments of this country, and has gradually extended to railways and large public companies, has received inadequate consideration from municipal authorities. The recognition of the principle is, however, extending. I have been able to examine the data of various store systems prevailing outside the service of the London County Council, covering a period of well over fifty years, during which time the centralization of stores work has been decided upon by Governmental authorities, public utility corporations, and commercial enterprises. As a result of observation, I have been particularly impressed by two facts :

(1) The unanimous and emphatic verdict given in favour of centralized systems as securing greater economy and efficiency.

(2) That the arguments adduced by widely differing bodies at widely different times in support of such systems are practically identical.

The example of the Government in this matter is well known. For many years past, the principle of centralized purchase and supply has received ever-increasing recognition. At present the fighting services of the State are separately organized and working each on centralized systems with, however, a distinct measure of co-operation. There are further comprehensive schemes in connection with the Office

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of Works, Stationery Office, and the Crown Agents for the Colonies. The advantage, and indeed necessity, of centralization in its fullest sense, however, have been under consideration in Government circles, and it is known that in 1919 a very strong case was presented for a single supplies organization for the whole of the State services in the shape of a Ministry of Supplies.

The arguments put forward and particularly stressed do not differ in any vital particular, and one is, therefore, led to summarize those which appear common to all and have been used, in one form or another, by each, under the following five headings :

- (1) Efficiency.
- (2) Economy.
- (3) Consistency in administration and in the conduct of commercial transactions.
- (4) Promptness of supply.
- (5) Safeguards against leakage and abuse.

These headings are not placed in any order of importance, nor is it intended to stress one more than another. Sufficient has been said to show, firstly, that central stores or collective purchasing departments have been widely recognized as an economic necessity in all undertakings of any appreciable size ; secondly, that centralization in its fullest sense is the more efficient method to be applied to such departments ; and, lastly, that no fundamental difference exists so far as broad principles are concerned in the basis of all such stores or supplies organizations.

The Staff and its Duties

Having decided on the establishment of a stores or central purchasing department, it becomes necessary to select a suitable staff.

The first step is to define what part of the work is administrative and what part is executive. Briefly put, purchasing and accounting are purely administrative, and receipt, examination, custody, and distribution are primarily executive.

Taking first the administrative side, I should consider the essential qualifications for the staff to be—first and foremost, a good standard of general education ; secondly, knowledge of the requirements of the various branches of the main service ; thirdly, as much knowledge as can be gained of the materials used, what they are used for, who uses them, and where they may be obtained to the best advantage ; and fourthly, a good knowledge of accounts, and ability to draw up comprehensive reports and conduct a good style of correspondence. Given a staff with these qualifications, the administrative side should run with smoothness and efficiency.

Take a hypothetical public authority which has decided to inaugurate

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a central purchasing system, but whose scope and requirements are not sufficiently large to warrant establishing a central distributing store.

The staff for such a system would probably be purely administrative, and their duties solely concerned in the co-ordination of the wants of the whole service, and the purchase and delivery of, and payment for, these wants. The most convenient location for this staff would be at the headquarters of the authority.

The departments responsible for the requisitioning of supplies (e.g. engineer's, tramways, education, etc.) are in the position of knowing best what is required, and the stores administrative staff should be in the position of knowing best how to satisfy such requirements. It is, therefore, self-evident that there must be an appreciation of the relative positions of each side, and an intimate sympathy fostered and maintained if the proper functioning of the system is to be obtained and the most suitable article purchased at the most suitable price.

Assuming for the moment that the authority has control of such diverse services as roads, gas, public health, police, education, tramways, housing, and parks and open spaces, there would be, in spite of the diversity of interests, many items which, for ordinary maintenance, would be common to all. On the other hand, there would be some items, unknown possibly to some, but economically utilizable by several; and still others, which would be peculiar to one service only.

The duties of the administrative staff would consist in standardizing the requirements as far as possible, classifying in commercial categories, and, by reason of their specialized knowledge of markets and other conditions, obtaining the best terms possible, having regard at the same time to all the rules and regulations of the main authority.

Theoretically the administrative staff would be called upon to act upon the information supplied by the various requisitioning branches of the authority, but it often happens that, with their specialized knowledge of economic conditions and developments, very helpful information can be given which operates to the benefit of the authority as a whole.

It will be seen that, for the conduct of the purely administrative work of central buying, there is no need for an authority to employ persons with outside commercial or technical training. The "business man" of the daily press, with his impatience of quite necessary safeguards, is not, *per se*, the best man for the purpose. During the war, much was heard concerning these "business men," and high hopes were entertained as to the result of their introduction into Government departments. I venture to suggest that these somewhat extravagant hopes were not realized. The one established result, in fact, was the vindication both of the permanent Government servant, and of his administrative methods.

We turn now to the question of the staff required by a larger authority which has to establish a complete stores system with depôts for receiving

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and distributing goods, and buying sufficient quantities of goods of an ordinary commercial character to justify engaging the services of men with technical training in order to buy on the best terms and secure the proper quality in deliveries. The administrative staff, hitherto, has been assumed to be buying for departments, such as an engineer's, architect's, or Borough Surveyor's, which would have on their staffs men qualified to draw up specifications and examine materials on delivery. We have now reached the stage at which departments have to be supplied with large quantities of paper, stationery, textiles, uniforms, cleaning materials, and many other articles of ordinary commercial use, the departments having on their staffs no one qualified to prepare technical specifications or to technically examine as to quality the goods when delivered. It now becomes necessary for the Supplies Department to have executive branches, directed and staffed by men who have been brought up in their trades and are qualified to do the technical work, which, in other matters, is left to the technical departments, e.g. engineer's, architect's, etc. It will probably be impossible to cover every trade with a separate expert, but, by grouping kindred trades, it will be found possible to build up a staff directed by a man trained in the most important trade concerned and assisted by others trained in the less important kindred trades. Clerical assistants for routine work, and the usual warehouse staff for the physical handling of the goods in the warehouse, will be employed.

Methods of Purchase

When trade conditions are fairly stable and requirements are definitely known, purchase under contract is the usual method. Purchase under quotation will usually be resorted to in respect of casual or irregular requirements and proprietary articles, or when markets are unstable or conditions of industry in a disturbed state.

It is, perhaps, desirable first of all to consider the preparation of the form of tender. No more important work falls within the scope of a Supplies Department than the preparation of these forms, with their schedules and specifications and their more or less stringent conditions of contract. This work is necessarily entrusted to the most experienced officers. The form as finally issued should embody the result of the formulated wisdom and experience of the administrative and executive branches of the Supplies Department, as well as of the outside departments who requisition the materials. It is only by complete co-ordination and co-operation that the highest degree of accuracy and efficiency can be secured. Any slackness here may have embarrassing results in consequence of, e.g., wrongly estimated quantities, defective description of commodities, or the omission of necessary safeguards in the conditions of contract.

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The specifications embodied in the contract should be characterized by fullness and accuracy of description, afford all possible information for the guidance of firms tendering, and in suitable cases refer to sealed standard samples.

With regard to the formal and legal conditions of contract, these should be sufficiently stringent to form an adequate safeguard against default on the part of the contractor, whether such default is in respect of time of delivery or in respect of the quality of the goods supplied. The prescribed conditions and penalties should be suited to the circumstances of the particular contract, and they will necessarily always have a more or less stringent aspect. It is best to have stringent provisions and to interpret them reasonably.

No hard-and-fast rules can be laid down as to the suitable period of tenure to be prescribed. In the case of contracts arranged by the Supplies Department of the London County Council, the period of tenure varies, according to trade conditions, from three months to seven years, while many contracts are not arranged for prescribed periods at all, but are for definite quantities of goods to be supplied at comparatively short notice. Contracts for so long a period as seven years are restricted to the printing trade. A long period of tenure in respect of printing contracts has two advantages: First, it secures the benefit of reprint prices where matter is printed from standing type; secondly, it widens the field of competition. If, for example, a printing contract were tenable only for one year, the holder of the expiring contract would have an immense advantage over other competing firms on account of his possessing so much standing type. A single year's tenure would not be sufficient to enable a new firm to recover the cost of original composition. Competition would, in this way, be discouraged.

In the case of long-period contracts, such as those just mentioned, it is desirable to insert a sliding scale of increases and decreases of price in the event of alterations in the agreed rates of wages or hours of labour in the trade.

In certain public services, tenders are obtained by public advertisement. This may be quite good in theory, but to carry it out strictly to the letter in every case would obviously be an absurdity. In nearly all services, therefore, arrangements are made which, while preserving the principle of open competition, permit the purchasing of supplies to be carried out under more workable conditions. The public advertisement, with certain exceptions (as, for instance, a large piece of machinery of special design), takes the form of inviting firms to apply to be placed on the approved list for items of stores or general maintenance work which are specified in the advertisement. The works, general trade standing, and capabilities of the firms who apply are fully investigated by qualified officers and, if found to be satisfactory and complying with

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official regulations, the names of the firms are placed on the appropriate lists.

It may be of interest to say that the lists which have been prepared in the London County Council's service number 483, and the number of suppliers' names thereon over 15,000. These lists are divided and subdivided until they cover practically every category of purchase. Some names, necessarily, appear on several lists. These lists of approved firms, properly classified and kept up-to-date, are of great importance and value, first as a directory of manufacturers, etc., for the guidance of the staff; and, secondly, as providing a basis for securing the greatest possible amount of competition among the right class of firms.

Forms of tender are issued to every firm whose name is on the approved list applicable to the schedule in question. Quotation forms are issued to a selected number of firms on the appropriate list, the number invited to submit prices being regulated by the money value of the proposed purchase.

Firms proposing to tender will in many cases find it necessary to call at the head office of the department to inspect standard samples. It is important that sufficient time should be allowed to firms tendering for this purpose, and for the computation of their costs and profits. The time allowed will vary according to the nature of the contract from, say, one week to one month.

A definite date and time are fixed for the return of tenders. All offers are opened together and registered under responsible supervision. Any offers received after the time provided are returned to the tenderer without being opened.

The offers received are tabulated and, after careful consideration, are reported with recommendations to the appropriate committee. The rates of the accepted tenders are then notified to the officers responsible for ordering the goods, and this work of ordering will next engage attention.

Orders issued by the Supplies Department fall into two categories, (a) orders for Supplies Department stock, and (b) orders for direct delivery to the place of consumption.

Direct delivery is usually the more satisfactory and economical method in respect of goods required at a particular place in large bulk. Thus a department requiring oil in barrels receives it direct from the contractor, but a school requiring only a pint receives it from a Supplies Department depôt. Other items suitable for direct delivery are, for example, flour for large mental hospitals, and perishables, such as yeast and fish. There are, however, certain exceptions which at first sight might have been thought suitable for direct delivery but which it is found to be more satisfactory to handle through the depôts of the Supplies Department. One notable exception is that of meat. A much more satisfactory standard of quality and price is secured by the purchase of meat at

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Smithfield by an expert buyer and the delivery of the meat by vans to the various institutions. Another important partial exception is that of coal. In order to secure certainty of supply to schools in London, the Council, to a limited extent, acts as a merchant, the coal being purchased direct from the collieries, conveyed in the Council's wagons, and distributed from railway depôts to schools and institutions. This arrangement has been of great value during difficult times, and at those times not only has supply been secured but money saved.

Examination of Deliveries

No goods should be passed out of the receiving room into stock unless perfectly satisfactory both as to quantity and quality. If there is a deficiency in quantity the goods should not in any way be interfered with, but should be reserved with all wrapping material, string, etc., as received. The precaution of reserving the packing material will frequently be sufficient to convince the contractor of deficiency in delivery.

After certification as to quantity, the goods are ready for examination as to quality. Deliveries should be checked by the standard specifications and compared with the standard samples. In the case of certain items (e.g. paints, oils, and certain foodstuffs), samples should be sent to a chemist for analysis and report. Certain fabrics would be sent to the Official Testing Houses at Manchester, Bradford, or Belfast. Other items, e.g., iron, steel, and cement, may be submitted to the National Physical Laboratory or to other recognized trade testing houses. The vast bulk of deliveries, however, should be examined by qualified staff on the spot as delivered at the depôts.

It is important, in order to avoid abuse, to secure that in the matter of qualitative examination a uniform standard shall be set up and consistently adhered to. This can only be attained when examination is concentrated under a single control. Unless such unified control is maintained varying tests and standards will be applied, and there will be nothing to prevent goods rejected at one depôt or institution being tendered to another and accepted.

In some instances it is necessary to carry out inspection at the contractor's works during the course of manufacture, as in the case of certain furniture, electrical cables, steel tyres, etc.

The existence of an efficient examination branch quickly becomes known among contractors, and is found to have a salutary effect in greatly restricting the tendering of defective materials. Necessity for rejection thus becomes relatively rare. When such occasions occur, however, it will quite frequently be found that, although deliveries cannot be accepted in full satisfaction of the contract, total rejection will be unnecessary, the defects being slight and possibly unavoidable. It then

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becomes necessary to negotiate with the contractor for a suitable reduction in price.

Stock-Keeping

It is in the arrangements for stock-keeping, however, that some of the greatest benefits of a stores system may be ensured, and no branch of supplies work calls for more care and vigilance, or has more serious potentialities of abuse.

To be able to supply the required article immediately from stock is an immense advantage to the user, and to be able to supply whenever possible in this expeditious way will be the objective of the Supplies Department. But zeal in this direction must always be tempered by caution, as it is all too easy to incur very serious losses through the acquisition of excessive or unsuitable stocks. The head of the Supplies Department will not be content to allow this important work to be carried out on the basis of guesswork. He will decide in consultation with his most experienced assistants :

- (1) Which items are in sufficiently constant demand to justify the keeping of a regular stock ;
- (2) The appropriate stock levels which should be maintained. Such levels will depend largely upon :
 - (a) The ascertained annual demand ;
 - (b) The time required to secure replenishment of stock ;
 - (c) The nature of the commodity in question, viz. whether perishable or for any reason liable to become obsolete, or damaged in stock.

In connection with this subject of stock-keeping, the stores officer will find it advantageous to consider the question of the most suitable form in which the various items should be taken into stock. Wherever practicable and advisable, it is arranged that contractors shall deliver goods put up in the quantities which form the usual unit of issue, e.g., whether ounces, pounds, pints, gallons, dozens, grosses, etc. Attention to this point will be found to save a considerable amount of expense in re-packing and other handling at the stores, whilst at the same time tending to preserve the articles in the best condition. Another detail worth attention is that of the adequate labelling of packages with full descriptions of their contents. This is of great assistance both to the stores staff and also to the users.

With regard to the arrangements for storage of materials passed into stock, the chief points for consideration are—economical utilization of space, orderly arrangement and grouping, cleanliness, convenience and economy in handling, and the facility for taking stock quickly, upon which so much depends.

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The nature of the stock to be carried will greatly influence these considerations, and special arrangements may have to be made to meet exceptional conditions. Generally, however, there are only two ways in which stock can be arranged. They are (1) alphabetically or numerically, and (2) according to trades. The alphabetical arrangement might possibly be workable in the case of the small store, but it is out of the question for any large undertaking. The numerical system is suitable in certain cases, but for a store covering a great variety of trades and meeting the requirements of several different services of widely varying character, the stocks must be grouped in trades, with modifications to meet the particular needs of the services supplied.

Theoretically, the alphabetical or numerical arrangement of stock would enable any one to find whatever they required as soon as they came into the store, and stock-taking would be a relatively simple operation. There are, however, many practical difficulties to this scheme of storage.

Undoubtedly, the trade arrangement is the more economical in working, and permits of a much more efficient supervision.

There will arise some instances where the trade grouping of all materials would not be economical. For example, the bulk, weight, or properties of some articles is such that the ordinary accommodation is unsuitable, or, again, the nature of the article is such that it can be stored in the open without harm, and its size and weight are alone sufficient to prevent its unauthorized removal. Inflammable materials must necessarily be isolated. These, however, are special considerations and, in the main, do not affect the general principle.

Premises

Vitally associated with the work of efficient stock-keeping is the question of provision of suitable premises and accommodation. Labour costs and general handling expenses are often greatly increased owing to the use of unsuitable buildings. A Supplies Department may count itself fortunate whenever it is in the enviable position of occupying premises specially designed to meet its own peculiar needs, rather than having to make the best of a building never intended for such a purpose. For stores purposes improvised buildings are seldom satisfactory.

An ideal situation would, of course, be one with rail, road, and water connections; but, in any case, the aim should be to secure the best transport facilities available.

Personally, I consider the one-storey type of building, as generally adopted by large railway companies, to be on the whole the most desirable.

It will not, however, invariably be found that the one-storey building will be either the most suitable or the most economical. The distribution of goods over too wide an area of ground may be found to remove the storage rooms so far from the central packing and dispatch section as

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to involve more inside transport than if the stores building were on several floors. There is, of course, the further consideration of the high cost of urban land.

The Council's stores buildings at present in use are, for the most part, adapted premises, and, as such, may be said to be fairly convenient in location and working. But there is now nearing completion at Charlton a building specially designed for the Council's tramways stores which does, in my opinion, closely approach the ideal. This building has rail, water, and main-road connections, and forms part of the workshops and car repair dépôt. It is to be fitted throughout with steel storage units. In it is incorporated the aggregate practical experience of the supplies staff, together with the most modern ideas of stores equipment, which together should result in a really efficient system of accommodation.

Disposal of Waste and Surplus

The department which is the channel for obtaining the supplies required by the various services should be the recognized channel for the disposal of old or surplus stores, waste materials, etc. The goods for disposal are in some cases returned to the Supplies dépôts, where they are sorted and either reissued (after repair, if necessary), or sold to the best advantage. In other cases, the old stores or waste materials are sold at the place at which they have accumulated. The proper control of the sale of old stores, waste materials, etc., is, in its way, as important as the proper control of the purchase of supplies. It is also an important integral part of the stores system that all worn-out articles, scrap, and waste materials should be properly looked after until they can be disposed of on the best terms.

In the case of a large body, it is a useful provision that the department which supplies goods to other departments should have an opportunity of knowing what is kept by these departments, and, with its knowledge of the service as a whole, arrange for the transfer of redundant stock from one point to another where it can be utilized, or, if it cannot be utilized anywhere else, for its proper disposal.

With this object in view, a very valuable change was made, a few years ago, in the service of the London County Council when the Supplies Department was constituted the checker of all stock-takings in other departments. The staffs of the departments holding stocks take the stocks and record them, but they are checked, to such a degree as may be thought necessary, by members of the staff of the Supplies Department, with the result that the Supplies Department is in a position to call attention to those stocks which have become unfit or apparently redundant. The regulations of the Council also provide that once a year each head of a department shall report all stocks which are obsolete or which are apparently in excess of requirements. The result of the new

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arrangements has been a substantial reduction in the total value of the stocks held throughout the Council's service.

Transport

The distribution of goods from a central store requires a system of transport which must be necessarily adapted to the circumstances of the case. Authorities, such as the West Riding and Kent Education Committees, requiring to distribute supplies to schools scattered over county areas, will have to choose between transport by railway or motor van. A provincial city authority would necessarily not need to consider railway transport and would use motor or horsed vans. A tramways undertaking, by connecting its central store with its tramway system, can run a store van on its tramway track.

The magnitude of the London County Council's Supplies Department renders it possible to organize on a definite rota the distribution of stores over a wide area covering the whole County of London and the mental hospitals at Epsom, Cane Hill, Claybury, Bexley, etc. A general description of this organized transport would scarcely be of interest to other authorities unless identically situated. It may be mentioned, however, that the transport branch not only delivers from the supplies depôts, but, in certain cases, secures economies by collecting goods from contractors' warehouses, docks, etc. There are cases where contractors have no delivery organizations of their own, and under ordinary conditions would not submit prices including distribution of the goods. The Supplies Department, having its own transport arrangements is able to take advantage of these desirable sources of supply, draw in bulk from warehouses and docks, and carry out the distribution at a lower total cost than could be obtained under any other method.

Economy and security of supply are also largely attained by purchasing coal direct from collieries and distributing it to educational institutions from railway depôts where stocks are kept to meet emergencies.

Accounting

Accounting work should follow clearly prescribed lines, and be dealt with by a separate branch responsible for :

- (1) Contractors' invoices and accounts.
- (2) Supplies Department invoices and accounts.
- (3) Stock records.
- (4) Stock checking.
- (5) Departmental costs and records.

It will be unnecessary to enter on any explanation of Sections (1) and (2), the first being responsible for the registration and certification of invoices for goods supplied by contractors. It may, however, be mentioned here

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that the linking up of the goods received sheets with the contractors' invoices is the basis of the whole system of accounts. The second section is responsible for the charging out of goods issued from the stores to departments and institutions, and linking up the charges to the services with the goods outwards sheets. Another point to be mentioned is that a great deal of attention should be paid to the securing of the cash discounts which are so readily offered for very prompt payment of accounts.

Coming to Section (3) (Stock Records). This section of work is peculiar to the work of a Supplies Department. The main idea to be kept in mind is that goods represent cash, and the same care, precision, and integrity should everywhere be exercised in the custody of stores as would be the case in connection with actual cash transactions. There exists a diversity of opinion as to how far the stock should be recorded on the bin cards which identify the various items. Some authorities favour almost a modified account system on the cards, whilst others are content with a bare description and number record. It is, however, impossible to lay down any hard-and-fast rules, as there are advantages in some cases which would become disadvantages if applied to another scheme of storekeeping.

The main interest under this heading is the accounting records, and here again I know I shall be on controversial ground. In some public authorities, it is held that the most satisfactory method of accounting for stores is that of quantity stock records, that is, the accounts of stores are kept in quantity only in respect of each stock item, showing, on the one hand, the quantities received and charged on the suppliers' invoices, and, on the other, the issues of the material to the various services as shown by issue notes or requisitions.

In theory there is much to commend the apparent simplicity and effectiveness of such a system, as the balances of these accounts should agree with the quantities found on checking the items in stock. In actual practice, however, it has been proved over and over again that the advantages as a whole exist mostly in theory, as discrepancies are numerous, and lengthy investigations, although generally reducing the discrepancies, fail to secure close agreement.

Another method favoured by some authorities is of a moneyed stock record, which is only an elaboration of the quantity stock system. This has no advantages, as a complete system, over the quantity stock records, and it is certainly too complicated and cumbrous, and too expensive in working, to admit of general application.

Several methods have been tried in the Council's Supplies Department, and experience has resulted in limiting the quantity stock records to certain items only, as, for example, goods that are of a character liable to misappropriation and misuse. Their uselessness when applied to other items, such as school and office stationery, which is bought in

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considerable quantities and issued in very small lots, has been definitely established.

Even to achieve success in the selected items, it is necessary to have frequent periodical stock-takings and checks to ensure reasonable agreement at the end of the financial year.

The general result of the experience gained in this direction has led to the comparatively recent introduction of a really interesting system, which, I consider, has all the advantages of both the moneyed and non-moneyed stock records, without the disadvantages. But, in addition, there are other points of efficiency which should appeal to the majority of large stores organizations. I am informed, too, that the experience gained by one or two large concerns in the industrial world has led to the adoption of a somewhat similar system in connection with their stores accounting.

Under this system the records are kept on cards which combine a mass of detailed information which was formerly kept by means of separate records and by a relatively large trained staff. These cards contain the following information :

- (1) The description and identifying number of the stock item.
- (2) Orders placed, with date, order number, firm, quantity and purchase price.
- (3) Issue prices and heads of service to which charges are made.
- (4) Quantity on order, balance of each order and total quantity outstanding.
- (5) Receipts, date, delivery note or received sheet reference and quantity.
- (6) Issue date, issue note number, and quantity.
- (7) Balance in stock.
- (8) Consumption to date.

The system is operated by means of accounting machines in which the more modern ideas have been incorporated, and the results are automatically checked as the work proceeds. The staff engaged upon the machines is small, and, apart from the purely mechanical knowledge necessary to operate the machines, does not need special training in general stores work.

The results have been extremely encouraging, and the further development and extension of the system is a matter which is receiving very close attention.

Stock checking (Section (4)) is concerned with work peculiar to a Supplies Department, and comprises both the organization of the annual stock-taking and the test checking which is a continuous feature throughout the year and, in my opinion, more valuable than the annual stock-taking.

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The annual taking of stock in the case of a large concern is a matter requiring very careful organization to secure that it is done in the shortest possible time so as not to interrupt work and also in the most economical manner. It is rarely realized how great an economy can be effected by the efficient organization of an annual stock-taking, and it is a fact that certain stock-takings which used to last over several weeks are now done in as many days. The annual stock-taking serves a useful purpose as the basis of the valuation of stock in hand at the end of the accounting year, but it should never be allowed to be regarded, as it frequently is, as the sole method of keeping an adequate control on stocks, preventing their misuse or misappropriation, and safeguarding against the accumulation of obsolete or redundant stock. All attractive stocks, such as foodstuffs and textiles, should be kept under continuous test checks in order to prevent irregularities, and it has been proved conclusively that only these continuous and surprise checks have any real value in preventing irregularities. While the annual stock-taking is a good time for examining the whole of the stocks to eliminate obsolete or redundant stocks, nevertheless a proper supervision throughout the year will secure that such stocks are dealt with immediately it is known that they are redundant or obsolete.

The fifth section, dealing with departmental costs and records, is mainly statistical, and is essential to the proper administration and control of a department of such magnitude.

Control of the Department by the Authority

In the case of an elected body such as the London County Council, the control of the staff and the work of the Supplies Department is necessarily exercised by committees of the Council. The executive committees (e.g. Education, Fire Brigade, Highways, and Parks) determine the kinds and quantities of the goods which are to be purchased for the services directed by them. The Stores and Contracts Committee, as the buying committee for the Council, have under their direction the operations of the Supplies Department in relation to the making of contracts and other arrangements for the purchase of goods, the management of the stores depôts, and the performance of all work relating to the purchase and supply of stores. The administrative staff of the department is under the direction of the Establishment Committee, while the warehouse or operative staffs are under the direction of the Stores and Contracts Committee. The head of the department, in common with the heads of all other departments, is under the immediate direction of the General Purposes Committee, and is an officer of all the committees of the Council.

Owing to the system of delegation to committees which prevails in the London County Council, the matters which the Stores and Contracts Committee are required to report to the Council are comparatively few,

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and, owing to the enormous variety and mass of detailed work involved, a great deal of responsibility is delegated by the Stores and Contracts Committee and other committees to the Chief Officer of Supplies, who, in turn, delegates certain matters to the heads of branches. There is thus a chain of delegation from the Council through its committees and the Chief Officer down to the heads of the branches of the Supplies Department.

In order to secure efficient and economical working of the staff, the Chief Officer, with the assistance of a small secretariat, is supplied at the end of each month with up-to-date statistics and other information which enable him to judge and criticize the working of each branch and call for any explanation which may appear desirable.

Two of the principal points to which the Chief Officer has to direct his attention are: Firstly, the fluctuations of work and the consequent fluctuations in staff. Thus, if the information contained in the statistics shows that there is an apparent reduction of work, inquiry is at once made as to whether the circumstances are such as to warrant a reduction or transfer of staff. As increases of work are invariably accompanied by applications for increases in staff, the Chief Officer is more concerned with the question of whether staff should be reduced, rather than increased. Secondly, there is the relation of working expenses to turnover, especially the expenses in respect of warehouse costs, packing, cartage, etc. The basic principle is very similar to that on which the great commercial departmental stores are worked, but with this difference—the working of the commercial stores is necessarily judged largely, if not entirely, by the net profit or loss, while, in the case of the Council's Supplies Department, the judgment must necessarily be based on the relation of departmental expense and staff to turnover, there being no profit and loss accounts, but merely an allocation of the total expenditure of the department among the services for which the Supplies Department does work.

The Cost of a Supplies Department

As the size of a public body increases and its work is divided among a number of departments, the expense incurred in each department, making its own purchases independently of the others, gradually increases, and the expenditure on the purchase of supplies is lost sight of in the total expenditure of the departments.

In the case of the London County Council, with its great variety of services, all to a greater or less extent using certain goods common to every service, the advantages of central buying are undoubted, but it would be impossible for the Council to enforce its standing orders relating to rates of wages, hours of labour, etc., on contractors unless it did so through one department carrying out a uniform and consistent policy.

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The London County Council's expenditure on salaries, wages, and office charges appertaining to the making of contracts and arranging generally for the supply of stores for all departments of the Council, including the cost of a large amount of administrative work to which a money value cannot be assigned, is less than $2\frac{1}{2}$ per cent. on net "turn-over," and it is beyond question that this expenditure is covered by the lower prices at which goods are purchased as compared with the prices which would be paid if each department purchased separately. This was proved in certain cases as the work of obtaining supplies was gradually concentrated into the present Supplies Department.

The expenses relating to the keeping of a central store stand on an entirely different footing. Theoretically, no Local Authority is compelled to keep a central distributing store. It can arrange for contractors to deliver all goods direct to the places at which they are used. The case for a central distributing store at which goods are received and from which such goods are delivered to the places of consumption rests on two broad grounds, (1) necessity and (2) economy. Necessity was the main cause which led the late School Board for London in 1874 to establish a central store, as it was found impracticable to deal with the great variety of supplies required at the schools by means of contracts placed with distributing houses. The necessity is obviously much greater now than it was fifty years ago. It is also necessary to have certain classes of goods delivered to the central store, if anything like a satisfactory examination as to quality is to be secured. Thus, it would be impracticable to ensure any uniformity by examining as to quality deliveries made at the many hundreds of institutions owned by the London County Council.

Turning now to the ground of economy—in nearly every case of goods handled by the Supplies Department of the London County Council, the goods are delivered into institutions at lower total cost than if they were delivered by the contractors.

The expenditure of the Council's Supplies Department appertaining to the keeping of a central store, viz. the whole cost of receiving, storing, and issuing stores, represents a little over $8\frac{3}{4}$ per cent. on the net cost price of the goods actually handled. The figure for the last financial year is made up as follows :

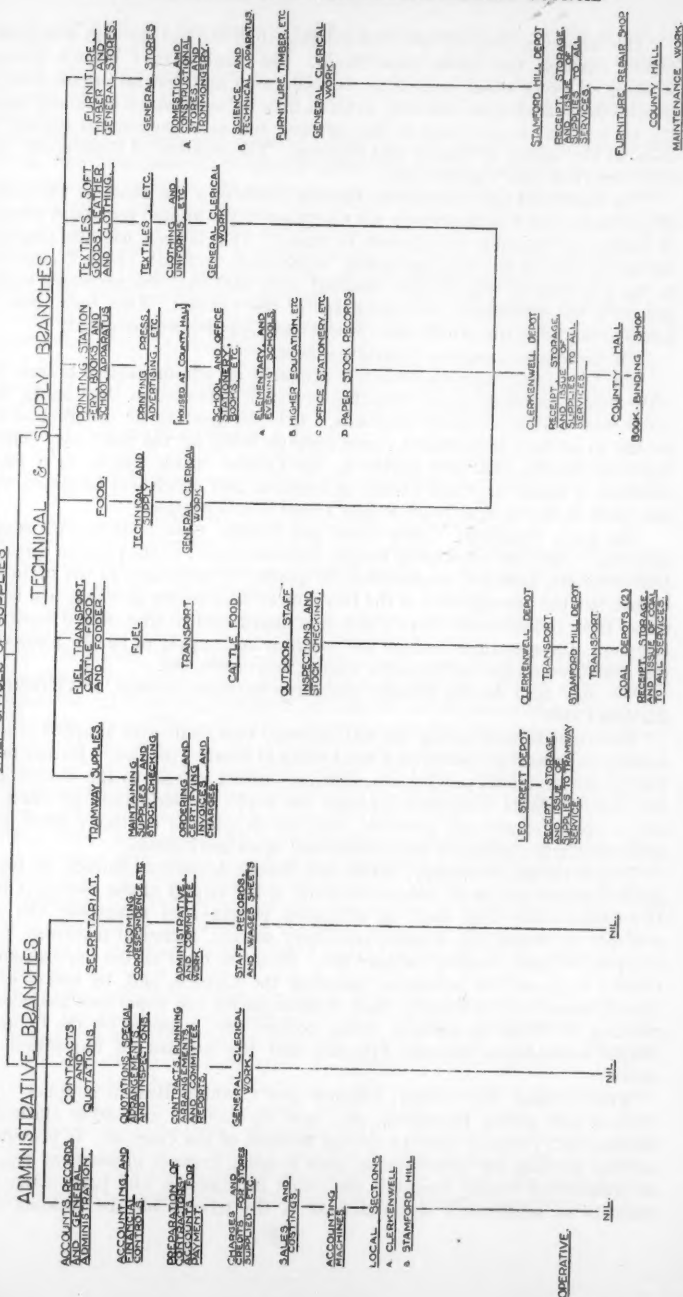
	per cent.
Wages—handling	4·98
Delivery, packing, dispatching, hire of vans, van- guards' wages, etc.	2·24
Accommodation and other charges	1·61
Total	8·83

The charge for accommodation included the charges for repayment of debt expended on the purchase of land and erection of buildings.

SUPPLIES DEPARTMENT OF THE LONDON COUNTY COUNCIL

SUPPLIES DEPARTMENT

CHIEF OFFICER OF SUPPLIES



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The Accounts, Records and General Branch is the one through which the Chief Officer controls the whole department. The head of that branch reviews the working of every other branch as to accounting and general organization to see that all the branches are working, as far as may be, on common lines, and organizing the clerical and record work in the simplest and most economical manner with a view to the saving of labour and expense. The number of contractors' invoices dealt with last year was 192,559.

The Contracts and Quotations Branch constitutes the machine through which all purchases must be made with the exception of the limited purchases which heads of executive branches are allowed to make. This branch has the responsibility for seeing that all the standing orders, regulations, and rules of the Council relating to the purchase of supplies are complied with, and that the necessary reports are prepared for submission to committees of the Council. Last year, over 67,000 forms of tender or quotations were issued and 1,345 reports prepared.

The Secretariat needs no description here.

The Tramways Supplies Branch is primarily an administrative branch differing materially from other supply branches in that it is housed at the County Hall and is not immediately in charge of stocks. It is the machine for ordering all supplies for the Tramways Department, these supplies being for the most part delivered to tramway depôts, and only partly to the Central stores, which, as a temporary measure, is under the Chief Officer of Supplies, and which will be closed when the new store at the Central Tram Repair Depôt is in operation.

The Fuel, Transport, Cattle Food and Fodder Branch deals with fuel, cattle food, etc., which are necessarily largely delivered direct to the place of consumption. Deliveries are, however, inspected as to quality by assistants in the branch. This branch has the management of the two railway coal depôts at which coal is received direct from collieries and from which it is distributed to educational institutions in London. Its operations include the purchase and supply of nearly 400,000 tons of fuel and 6,000 tons of cattle foods, fodder, farm seeds, etc.

We now turn to the strictly executive branches housed at Clerkenwell and Stamford Hill.

The Food Branch during the last financial year dealt with supplies of foodstuffs (chiefly to mental hospitals) to a total value of nearly £360,000. Rather more than half of the foodstuffs purchased is delivered direct in bulk to the mental hospitals, but the remainder is handled through the depôt at Clerkenwell at which there is also a small grocery and provision store for supplies of relatively small quantities of foodstuffs to residential educational and other institutions.

The Printing, Stationery, Books and School Apparatus Branch, in the bulk of goods handled and in its volume of work, is the largest of the executive branches. It supplies everything used for education purposes by something like a million students in elementary schools, secondary schools, technical institutes, schools of art, polytechnics, training colleges, etc. It has to meet all the requirements of the County Hall and the numerous offices of the Council, and, by means of a small branch housed at the County Hall, it arranges for and supervises the whole of the printing of official documents, forms, posters, etc., required by the Council. The annual expenditure exceeds £350,000 and the number of requisitions exceeds 50,000.

The Textiles, Soft Goods, Leather and Clothing Branch supplies (1) all the textiles, soft goods, furnishing, etc., and (2) uniform and other clothing, boots, leather, etc., required throughout the services of the Council. It provides all the uniform clothing for tramwaymen, park keepers, firemen, messengers, etc., clothing for inmates of mental hospitals and other institutions, and particularly the great quantity of needlework material used in the schools for the training of pupils,

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which is largely resold to the pupils in the form of garments, etc., which they have made. The magnitude of the work of the branch is shown by the fact that the branch last year purchased nearly 1,300,000 yards of piece goods and supplied nearly 65,000 garments, 28,000 hats and caps, besides large quantities of numerous other articles.

The Furniture, Timber and General Stores Branch located at Stamford Hill supplies an enormous variety of miscellaneous stores, e.g. builders' ironmongery and other materials, horticultural goods, gas and electric fittings and lamps, paints, colours, brushes, science apparatus, chemicals, drugs, tools, metals, cleaning materials, besides all the furniture and timber required by the Council's services. The value of the issues from stock last year was £192,000, and in addition goods to the value of about £190,000 were ordered for direct delivery to institutions.

The staff of the department comprised on 1st April, 1926, 311 technical and clerical assistants, and 284 operatives, i.e. warehouse staff, vanguards, mechanics, coal loaders, male cleaners, messengers, etc.

During the year 1925-26, the department received 328,276 requisitions for goods, issued 164,510 orders on contractors, and purchased goods or ordered work to a total value of £2,026,080 (including sales of old material, etc.), and handled through its depôts goods to a value of £866,383.

I have not mentioned other "side shows" of the department, viz. the shops in which (i) furniture and pianos are repaired, (ii) upholstery is renewed and repaired, and (iii) all confidential papers are bound. Waste paper to the extent of some 430 tons was gathered up during last year and sold at a profit of £656.

I may perhaps add here a few words as to the staffing organization of the department. Following out the principles enunciated earlier in this paper, the administrative sections, namely, (i) Accounts, Records and General, (ii) Contracts and Quotations, and (iii) Secretariat, are staffed entirely by assistants recruited and trained in the ordinary way for municipal administrative work.

Executive branches, e.g. (1) Fuel, Cattle Food, and Fodder, Cartage and Accommodation, (2) Human Food, (3) Printing, Stationery, Books and General School Apparatus, (4) Clothing, Leather, Textiles and Soft Goods, and (5) Furniture Timber, Ironmongery and General Stores, are under the direction of highly qualified men who entered the service of the London County Council after some years of training and experience in their respective trades, and I may perhaps here illustrate the arguments used earlier by taking the case of the last-named branch to show how the technical staff of the Supplies Department is constituted.

The senior officer at Stamford Hill was brought up and trained in the furniture trade, in connection with which he, of course, acquired a considerable knowledge of the timber trade. For the supply of furniture and timber, he is assisted by men who have obtained technical experience with commercial firms in the furniture and timber trades respectively, the whole of the work relating to the supply of furniture and timber in all its branches being grouped under one co-ordinating assistant who is responsible to the senior officer in charge of the whole branch. In the same way, grouped under another assistant are those technical assistants who have been recruited from firms dealing with household and builders' ironmongery, brass-foundry, sanitary goods, glassware, paints, oils, colours, soaps, brooms, brushes, and cleaning materials. A third assistant has grouped under him those dealing with scientific apparatus, drugs and chemicals, medical and surgical requisites, gas and electric light fittings, engineering plant, tools, metals, ropes and twines. The branch may, therefore, be described as having each section and sub-section of its work directed by an assistant technically qualified as regards the goods dealt with, the whole being co-ordinated and directed by an officer technically qualified by business training and experience to exercise an adequate general supervision.

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In principle, there is a sharp division between the work of the administrative and that of the executive staff, but in actual practice, partly for convenience and economy of working and partly from necessity, the principle is somewhat relaxed to permit the executive staff to perform some administrative duties within certain limits in connection with goods actually handled at the depôts under their control, and also in special cases where deliveries are made direct to the place of consumption.

It would be too cumbersome to provide for every purchase, however small, to be made through the administrative branch, and the heads of the executive branches are, therefore, authorized to make purchases of special items required at irregular intervals or in relatively small quantities up to a maximum of £10 in any one case. The administrative work of checking invoices is also done by the executive branches, but this is the extent of the overlapping.

There is no reason for any executive work to be carried out by the administrative branches, and, consequently, they are wholly divorced from actual dealings with the materials purchased.

I may perhaps conclude this brief description of the Supplies Department over which I preside by stating that I, personally, am not qualified in any trade whatever, and that I also emphatically repudiate the title of "business man" as used in the press when criticizing government and municipal servants. The first twenty years of my service with the London County Council was financial and administrative, and I think it will be generally agreed that the primary qualification for the management of so big an undertaking as the Supplies Department of the London County Council must be a capacity to organize and administer. Technical knowledge in any one trade, if not accompanied by capacity to organize and administer, would be of little use in the management of a supplies organization, and it will be generally found in the commercial world that the great departmental stores are chiefly controlled through the finance and accounting side and by men selected primarily for their organizing and administrative ability. Just as in great commercial departmental stores the head of each department is responsible to the directors for the financial results of his department, so each head of a branch in the Supplies Department is responsible to me for the proper performance of the work of his branch, and I criticize his branch not only from the point of view of seeing that the work of the branch is efficiently performed, but also, through the accounts and records presented to me, from the point of view of satisfying myself that only the necessary staff is employed and that the expenditure on staff bears a reasonable relation to the work performed.

Reviews

[It will be the object of the Reviews of Books in the JOURNAL to cover the whole ground of the literature produced in the preceding quarter which may have a bearing upon public administration. By this means, it is hoped, some assistance will be given to the student and some direction to the general reader. A judgment of the value of the books will be attempted, as a portion of the ordinary duty of criticism, but the particular value of the book in its relation to the advance of the science of public administration will be regarded as the paramount criterion.]

HISTORY AND BIOGRAPHY

I

Viscount Bryce

James Bryce, Viscount Bryce of Dechmont, O.M. By H. A. L. FISHER. (London: Macmillan & Co.)

THE historical student of generations to come will find himself in the happy position of being able to examine the events of our time from the point of view of those who exercised considerable influence in their day. The nineteenth century has been especially fortunate in the contributions which have been made to biography, when they are regarded from this angle. One can compile a list of biographies which not only are indispensable to the student but which in themselves form an admirable and an intimate history of the time. From Coupland's *Wilberforce* to Morley's *Gladstone* (by the way, it might have been Bryce's *Gladstone*), passing through such books as Purcell's *Manning*, we have a story which reaches its culmination in Fisher's *Bryce*. It is the story of freedom, the long struggle of democracies, and, as I have said, it seems as if Bryce marked the change. There is an inevitable note of sadness at the close of the book. We seem to have halted. Bryce's studies were of developing democracies which are coming to a change, and none of us is able to conjecture what that change may be. What we are sure of is that government is coming to be too stupendous a task to be attempted by what we have called "democratic" methods. If, for example, on the day that this is written, we put the questions of the hour on a sheet of paper, and beside them put the questions as raised or discussed in the House of Commons, we shall see not only that they bear a small relation, but that as time goes on they bear a smaller relation. Something seems to be coming to fill the gap. Mussolini's "Corporative State" demands far more attention than it is receiving in England, but even so I doubt myself if such a structure is the alternative. Rather I think we are evolving towards a machinery of administration, within the broad authority of democratic

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sanction, but not itself in each detail subject to such sanction. I put this in the first place in a brief consideration of Bryce's work, because I feel that he marks the highest point reached of what I propose to call "pure" democracy.

But the man himself was fully deserving of all that Mr. Fisher says in what I would regard as a model biography. They were, indeed, giants in those days. They had physical health in abounding measure. They worked and played abundantly. Science attracted them and "Clio" was their mistress. One of the most striking estimates of Bryce appears from Dr. Randall Davidson. Bryce was the minister in attendance on Queen Victoria at Florence. Dr. Davidson spent two hours in the Spanish Chapel in Santa Maria Novella with Bryce, and was amazed at Bryce's detailed knowledge of the frescoes and of the skill with which he argued the identity of the different persons represented. It was this thoroughness which characterized his work in every particular, and the young man who wrote *The Holy Roman Empire*, and who provided the text-book on *The American Constitution* for the universities and high schools of the United States, was a scientist as well as a philosopher; and though his knowledge was "below the standard of the specialist" in certain directions, yet in its cumulation, while it all bore upon his central aim, it was a complete "understanding of the world in which he lived."

He followed his political aims with stern loyalty and yet with considerable claims for personal freedom. He shared unpopularity with the "pro-Boers" and his clear distinction between criticism of the government of the time and loyalty to his country after the die had been cast brought upon him some disfavour from his own side. He was rather extreme in his condemnation of the 1902 Education Act, and Mr. Fisher's analysis, with a more sober judgment of that Act, calls for special praise. His Irish University proposals were made at a time when the federal university idea was breaking down in England. He claimed for these proposals that they were perfectly undenominational, though that was a curious claim for two sternly denominational (possibly three) theological faculties, side by side, in the expanded University of Dublin. At any rate his thirteen months in Ireland did not enable him to see it through, and Mr. Birrell's very different scheme was accepted. Then began his great work in America. It was really great work. In addition to the Ambassadorial work, including some notable triumphs, he journeyed about giving addresses; the ultimate moral value of which cannot yet be estimated, for his letters during the Great War reveal how he held the best American opinion subject to the impress of his mind and heart.

He could work amicably in Dublin with that brilliant but not very pliable Civil Servant, Sir Anthony McDonnell, but to my thinking one of the most tender passages in the book describes his relationship with the members of the Embassy at Washington. The beauty of that relationship

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was shown again in his speech at the opening of a Memorial Ward to Mr. C. G. Gladstone, who had been at the Embassy in Washington with him, and happily we have the full record of that memorable speech.

With the Embassy Staff Bryce was always on the best of terms in work times and holiday times alike. Everybody about him realized that there was important work to be done under a chief who was a miracle of energy himself and quick to realize ability and hard work in others, so that the whole mission responded to the stimulus and provided the Ambassador with many occasions, in writing home to the Foreign Office, to allude to the skilled and loyal service which he had received from this or that member of the staff.

On that note, I think, I may end this small study of one of the great men of the age which is gone. Mr. Fisher has written the biography with a sense of balance and of proportion, with a simplicity of direct consideration and a faithful sincerity of estimate, all of which will be of inestimable value to those, coming after us, who wish to understand the undercurrents which marked the end of the nineteenth and the earlier days of the twentieth century, and which also, in my view, marked a more tremendous transition than yet we realize.

JOHN LEE.

II

The Fall of Robespierre

By ALBERT MATHIEZ. (Williams and Norgate.) 8s. 6d. net.

IN spite of all that has been written on the subject, the figure of Robespierre dominates the imagination of the student of the French Revolution to a far greater extent than those, for example, of the colossal Danton or the ruthless, efficient Carnot. It is in vain that the historians continue to assure us that Robespierre's was a comparatively simple character, for, so long as different historians produce such widely different readings of that character, the lay reader may be excused for suspecting that the reason for such diversity is the existence of certain complexities which the historians in their passion for simplification have overlooked.

The most usual view of Robespierre is that associated in this country with Carlyle, that of the "sea-green incorruptible" using the guillotine as a political instrument on behalf of pure democratic theory, a kind of republican Torquemada. Another view, adopted by Mr. Belloc in his later studies, is that Robespierre was a figure-head behind whose popularity the Committee of Public Safety worked. The populace only endured the Terror because they thought Robespierre desired it, and Robespierre only supported it because he believed it popular. M. Mathiez takes another view; he quotes with approval the words of Hamel: "Among all the men of the Revolution it was Robespierre who, without ever making any

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concessions to the reactionary party, succeeded in the highest degree in combining moderation and wisdom with the energy and inflexibility necessary for the triumph of the republican idea." The whole of this book is a thesis in support of this quotation.

It must not be supposed that M. Mathiez proceeds by way of explicit defence of this reading of Robespierre's character. His method is to produce original documents bearing on his subject, all of which tend to the maintenance of his thesis. Some of the new facts adduced are not of particular interest except as bearing on his argument, but others are of great significance to the general history of the Revolution. It seems likely, for instance, that the history of the 9th Thermidor must be re-written in view of the documents which M. Mathiez quotes.

The reader of this, as of other French histories of the Revolution, must be on his guard against the partiality of the author. In one sense all historians show bias; they have a set of principles by which they judge human actions, and a standard of values by which they assess the significance or relevance of particular facts. But, in the present case, there are other causes of bias. It must be remembered that in France the Revolution is not simply a historical problem, but a living political issue. Most, if not all, of the political parties associate their origin with some party, phase, or person of the revolutionary period. Not even the most detached historian can be so aloof from the political problems of the day as to view with equal detachment the development of each of the political theories of the revolutionary period which gave rise to the party cries of to-day. The bias to be watched for is not so much that which arises from the application of a definite canon of judgment as that which springs from the adoption of a party loyalty.

M. Mathiez is the complete Robespierrean. Not only is his hero the far-seeing statesman who, alone in his own time, saw the elements of true republicanism, but he is also the political teacher at whose feet we must sit to learn how to deal with the problems of modern times. To paint this picture, M. Mathiez projects back into his period the ideas and affiliations of modern political groups. His Robespierre is a theistic laïcist of the moderate left. Since this group co-operates in the Chamber with the socialists, Robespierre must be shown to have been not unsympathetic to the Egalitarians of his time. Similarly, in religious policy, Robespierre must be shown to be a neo-Combist, who is only with difficulty distinguishable from M. Herriot. With this end in view, M. Mathiez labours to liberate Robespierre from the responsibility for the inauguration of the feast of the Supreme Being, to which has clung for more than a century a certain flavour of ridicule; though, to tell the truth, it is doubtful whether the picture of Robespierre in his sky-blue coat, with a handful of corn in one hand and a bunch of flowers in the other, standing on an artificial mountain in the Champ de Mars, and

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watching a firework display in honour of the Supreme Being, seems quite as funny to a Frenchman as it does to an Englishman. The French have not that sense of flippancy about fireworks that the 5th of November has given to us.

It is a significant fact that, throughout the book, there is nothing to indicate that, during the most notable part of Robespierre's career, France was at war on her own frontiers, nor is there a single reference to Carnot.

To endeavour to explain the political events of the period without constant reference to the military position, is as if one tried to explain the D.O.R.A. regulations as a futile attempt at social reform, without reference to the fact that England was at war. The institutions of republican France were forged under the stress of war, and it is useless to attempt to explain them simply as the triumph of one or another political theory.

At the same time, M. Mathiez does no substantial injustice to his hero by this omission, for it is doubtful whether Robespierre himself ever realized the implications of the war. While he addressed the Jacobins on liberty and equality, the peasantry of France were dying on the frontiers, not for "les droits de l'Homme" but "que la France soit libre." The Convention might debate the abolition of Royalty and the Republican calendar, but the soldier amid the mists of Valmy and the mud of Jemappes saw only a white village on a vine-clad hill, or a flat ribbon of road between its lines of trees, or a little sunny town beside the Yonne, which stood to him for France. At home, Carnot toiled all through the night in the candle-lit committee room, and the guillotine took, day by day, its dreadful toll, not for "la république" but for "la patrie."

All this agony of human endeavour, this effort such as mankind had never seen, and until recent years was not to see again, Robespierre never understood, and in this, as in other matters, M. Mathiez is the complete Robespierrean.

E. H. BLISS.

IMPERIAL POLICY

III

Imperialism and World Politics. By DR. PARKER T. MOON. (The Macmillan Co., New York, 1926.) 15s. net.

Comparative Colonial Policy. By DR. V. SHIVA RAM. (Longmans, Green & Co., Ltd., 1926.) 10s. 6d. net.

HERE are two books, very dissimilar in style and method, yet with several features in common. They are both written by Professors, one coming from the University of Lucknow, the other from that of Columbia. Both have obviously drawn on the same sources. Both are provocative,

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and in consequence give us something to think about. Both, however, while they marshal facts and figures in the approved style of current historical research, are biased—unconsciously, it may be, but inevitably, for they are both written with a purpose.

Professor Shiva Ram aims at a comparative study of the Colonial methods which have been developed in our own country, in France, in Holland, and in the United States of America. He enumerates all the causes usually assigned for the habit of colonization—a surplus population, missionary enterprise, the quest for raw produce, the need of fresh markets for manufactures, etc. He traces the stages through which the great colonizing Powers have passed in their treatment of new, and particularly of tropical, dependencies. At first it was pure exploitation; "the existence of the native population was tolerated as a necessary evil." Then came greater enlightenment, in which Great Britain led the way by adopting the principle of protection of backward races; although the European Powers continued to "condone acts of aggression against weak States, in return for the assurance that similar acts contemplated by them would not be opposed." Finally arose the cry for political freedom among the subject peoples. Promises of independence were made, and not always fulfilled, until now "the greatest problem of the twentieth century is the peaceful adjustment of relations between the European and non-European races of the world." Professor Shiva Ram ends with a plea for goodwill and trust, under the lead of the League of Nations and its Mandates Commission; failing which "a tremendous racial war may follow, which will be more disastrous to the prosperity and civilization of the world than any other single event in history."

All this is capably worked out; and the book is an interesting specimen of the methods of the new school of Indian student-researcher. The facts are collected with much industry, well arranged, and closely packed; and the writer claims to have kept an open mind. In general his claim is justified. He appraises at their true value the humanitarian motives which have steadily improved the relations of the European Powers (especially Holland and Great Britain) with their tropical dependencies. "There have been," he writes, "in the history of modern British imperialism sporadic instances of injustice . . . but no organized policy of exploitation and extermination of the native races." It is when he comes to India that his judicial calm deserts him. India, he complains, may have home rule, a practically independent Parliament, and the management of her own foreign policy; but "as long as her whole financial system depends on British capital, she remains, in the true sense of the word, a Colony or Dependency of Great Britain." Meanwhile, in India alone have we failed. We have done nothing to remove the illiteracy of the vast majority of the people; while our English education has rendered young India "intellectually sterile."

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In India we have thrown our democracy overboard ; we have broken our promises, and with India our relations " will remain as they are, if the British continue to believe that it pays to hold these people in subjection and if they continue to have the money and man power to do so." It is in these wild acrid generalizations that the historian picks up the weapons of nationalist propaganda and thereby loses his authority as an historian. The process is unfortunately far too common in the field of Indian research in history and economics to-day. Its effect on the mind of the Indian student is one of the serious factors in our Indian problem.

Dr. Moon's artillery is heavier. He employs it to batter the citadels of self-seeking imperialism and to win through to a world of international goodwill in harmony with enlightened national interests. For him, imperialism has been the root of all evil in modern world politics. No chicanery has been too mean, no diplomacy too tortuous, no bullying of the weak powers by the strong too monstrous, for use in its service. Its motives have been corrupt ; its purposes veiled in hypocrisy ; its methods as a rule indefensible. It brings its own punishment ; for imperialism inevitably begets an aggressive nationalism in the countries which have suffered from it, and it is this movement among the backward races of the world that threatens the very existence of our civilization to-day. The only remedy is a change of heart. Let the Imperialist Powers resolve themselves into trustees ; let their measures be " protection of native land rights, abolition of compulsory labour, re-adjusted education policies, the open door, and gradually increasing self-government for Colonies capable of it " ; and let the methods of international conference and agreements replace the present struggle for markets and raw material. Then the millennium will be nearer. Also, if Dr. Moon is right, we shall all be happier and richer. For, according to him, economic imperialism is suicidal, colonial trade is always bought at too high a price, and self-sufficiency in the materials of its industry is never attainable by any nation.

Such is the theme of this book, and it is admirably developed. Imperialism is treated as a British product which originated in the 'seventies of last century under economic pressure, and spread rapidly over Europe and into Japan ; America having escaped the taint until much later. The Congo is somewhat characteristically taken as its first manifestation ; and the spread of the virus into Nigeria, the Sudan, South Africa, and the Mediterranean litoral, is followed in great detail. Next comes the story of the Baghdad Railway, which has nowhere been more succinctly told, and then we get a study of the imperialistic reactions in Asia ; with a final section on how the United States were drawn into the vortex by " dollar diplomacy " until President Wilson made his famous declaration in 1913, " that the United States will never again seek one additional foot of territory by conquest." There is much in

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the story that sets one thinking ; there is much of which the great Powers have every reason to be ashamed. There is ground for revising our estimate of the value of certain colonial markets and the wisdom of certain aspects of our colonial policy.

Unfortunately Dr. Moon's book, like Professor Shiva Ram's, is marred by frequent departure from the scientific balance which makes a theory convincing. At the outset it seems a pity that he lays so little emphasis on the prohibitive tariffs which drive manufacturing countries to find new and free markets for their products. This, however, was not essential to the argument, and may be one of the incidents of exaggerated nationalism which Dr. Moon expects to yield to international agreements. A more serious criticism is the bias of the narrative against all forms of colonial administration, which the writer chooses to label as imperialistic. The recent curtailment of political freedom in the Philippines (to which this review must revert later) is hinted to be due to the desire of a Republican administration in the United States to discredit a former Governor-General who was a Democrat. A very one-sided account is given of the Indian Mutiny of 1857 ; and there is a definite suppression of vital facts in the story of Amritsar in 1919. Euphemism could hardly go further than to say that Mr. Gandhi's campaign " might well have led to serious results," without a word of reference to the notorious facts ; and the description of dyarchy, the present form of provincial government in India, is a pure travesty.

Wearing these spectacles, Dr. Moon could hardly be expected to see that there are other sides to imperialism. It is not only and always commercial exploitation that has led to the extension of the British Empire ; nor is commercial exploitation the sole result of substituting a civilized for a barbaric rule. Time and again has Great Britain been driven by sheer humanity to enlarge its possessions ; when it annexed Oudh, for example, when it conquered Burma, when it reconquered the Sudan. If Dr. Moon's bibliography had included such books as Sleeman's *Journey through the Kingdom of Oude*, or Slatin's *Fire and Sword in the Sudan*, he might have admitted this : as it is, even the story of Gordon's martyrdom leaves him unmoved. But, on his own assumption of the more sordid motives which instigate the development of empire, are there no incidental results beyond pure material gain ? Has imperialism never meant any improvement in the condition of the subject races, any increase, here and there, of human well-being ? In certain cases such as Egypt, Dr. Moon somewhat grudgingly concedes this ; but he leaves unanswered the question whether our rule in India is a " colossal achievement or unequalled crime," and he frankly scoffs at the idea of a *mission civilatrice* being anything better than the use of brutal force to impose on unwilling native peoples the blessings of Western civilization. It is in such respects that the book is provocative ; though, in order to be

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provocative, we are not sure that it is always necessary to be unreasonable.

One final comment. If disruptive Nationalism is going to replace Imperialism throughout the world, what are we to expect from the change? Will it be an unmixed blessing, or does it carry dangers of its own? Some light on those momentous questions is thrown by the remarkable experiment now in progress in the Philippines; and we naturally turn with special interest to what our two authors have to say about it. Professor Shiva Ram discusses in much detail the moral and material development of the islands since they were taken over from Spain by the United States. He describes their rapid strides in education, hygiene, justice, finance, and ultimately in political emancipation. He quotes with approval the steady curtailment by the indigenous legislature of the powers of the American Governor-General; and his pages are full of contrasts between the methods of American rule in the Philippines and those of British rule in India, always of course to the disparagement of the latter. The halcyon weather which he depicts lasted, however, only up to 1921, when suddenly it changed. The subsequent period he dismisses, in a few words, as an epoch of deplorable reaction, culminating in President Coolidge refusing to give, until "stable government is established in the Philippines," the complete independence which the educated Filipinos demand. Lord Olivier, referring to the matter in his foreword to Professor Shiva Ram's book, skates with equal alacrity over the thin ice, and ends on the oracular note that "the autonomy of the Philippines still hangs fire." From Dr. Moon we get even less enlightenment. He affords only a few cynical pages to the "unintentional conquest" of the islands, and steadily avoids any reference to the events which led to the set-back in 1921.

It is therefore necessary to go elsewhere for what we want to know about the great experiment. Fortunately information is available in the Wood-Forbes report and in several careful studies of Philippine conditions which have been published since. The following extract from a recent observer puts the position in a nutshell:

"Much as one may deprecate saying it, no examination of the facts to-day will discredit the general statement that whatever has been done for the advancement of the Filipino people in the last quarter century has been done by America, Americans, and Filipinos under American guidance. Whatever has been done to their harm, loss, and oppression has been done by the Filipino himself, unguided."

The plain truth is that, under the influence of President Wilson's idealism, Governor-General Harrison allowed practical home rule to grow up between 1914 and 1921; and that, since Harrison was recalled in 1921 and Governor-General Wood took his place, the latter has had to toil unceasingly to clear up the mess and to get back to some semblance of

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decent government. Under the Harrison régime, the almost marvellously efficient and progressive administration which had been built up before 1914 was rapidly crumbling into ruin; nepotism and corruption were rampant; the peasantry were back in the clutches of the usurer and the tyranny of their landlords; justice was becoming impossible; and the death-rate rose from 19.10 per thousand in 1913 to 40.79 in 1918. It seems clearly difficult to dissociate those consequences from the policy of indiscriminate Filipinization which Harrison adopted. Nationalism was given its chance, and failed; and it redounds to the credit of the American Government that they had the sense and courage to recognize the facts, to stop the mischief, and to go back to sounder methods until the country proves itself more fit for freedom. The whole story is an invaluable lesson in administrative science. MESTON.

IV

Charles Buller and Responsible Government

By E. M. WRONG, M.A., Fellow of Magdalen College, Oxford. (Clarendon Press. 15s. net.

MR. WRONG makes the very modest claim for this book that it tries to fill a small gap in the history of British colonial policy, and makes available some contemporary commentaries on the doctrines of the Durham Report. To do so much is surely itself an achievement; for the result is to shed fresh intelligence upon an epoch of Colonial administration whose importance cannot be overrated, and one that is of especial interest at this present time.

Canada is celebrating this year the Diamond Jubilee of the Confederation which marked the unification of the oldest Dominion and the achievement of real self-government. But Confederation, though indeed a memorable episode, was just a noteworthy landmark in a constitutional struggle which had already lasted for more than half a century. Already in 1791 the Constitutional Act of that year had created the provinces of Upper and Lower Canada each with an executive, a nominated legislative council, and an elected house of assembly. The older colonies, Nova Scotia, Prince Edward Island, and New Brunswick, also enjoyed a limited form of representative government. The history of Canada during the two succeeding generations is almost wholly preoccupied by the fight for responsible government. On the one side were the elected representatives; on the other, the executive and the legislative council, usually in alliance with the Governor. Both sides were occasionally extravagant in their assertion of their rights, and in 1837 the strife culminated in rebellion both in Upper and Lower Canada. The consequence was the suspension of the constitution and the dispatch of Lord Durham

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in 1838 as Governor-General and High Commissioner on a special mission of inquiry. Charles Buller was an official member of the Mission, while Wakefield, the leading contemporary expert on emigration and other colonization questions, accompanied them as unofficial adviser. Lord Durham's famous Report, with its liberal proposals for the grant of responsible government and its forecast of a close legislative union, led directly to the Quebec Conference of 1864, when the five colonies agreed to the principles of union as formulated in seventy-two resolutions. The British North America Act of 1867 was the inevitable outcome.

Lord Durham, Edward Gibbon Wakefield, and Charles Buller form a notable triumvirate of devotees to the cause of colonial reform. Mr. Wrong has reprinted for us Wakefield's article on Sir Charles Metcalfe in Canada, as well as Buller's pamphlet on Responsible Government for Colonies—assuming that we are to accept the attribution to him of the anonymous document, which gives its title to this book. These are valuable companions to the Durham Report itself, and their value is enhanced by the explanatory chapters which Mr. Wrong has contributed.

The extreme Tory doctrine held that the grant of fully responsible government would be incompatible with the maintenance of the authority of the British Crown. The significance of the work of Lord Durham and his associates lay in the practicability of the solution they propounded for this fundamental dilemma. Buller's pamphlet and Wakefield's article expound this radical solution with a freedom impossible to Lord Durham in the limits of his official report. It is interesting to note the antithesis. These men had initiated a revolution in colonial administration the consequences of which they were far from appreciating themselves. But their actual formula was so mild as to appear jejune to the modern reader. Responsible government meant indeed little more than parochial autonomy. It was so far from that measure of independence that was dreaded that all the wider issues of colonial government were carefully safeguarded from the rash interference of the local government. Foreign affairs, external trade control, defence, these were reserved powers as were also fiscal control together with Crown lands; the latter having an important bearing upon the organization of emigration from the mother country, and consequently on the strengthening of the British connection. These limits then regarded as ultimate have long since been transcended.

It is on the ground of their contribution to practical policies that these men occupy their place in history. Their contributions to the theory of government may have been anticipated or surpassed by others. To admit this would only emphasize the fact that their influence rested on first-hand acquaintance with their subject, reinforced by their own labours in the cause they had at heart and those of other administrators associated with them, such as Earl Grey, Durham's brother-in-law, and his son-in-law, Lord Elgin.

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Of Charles Buller, personally, Mr. Wrong tells us something, and the impression we get makes us wish for more. He was a man of immense stature, but of weak health. He was a zealot in radical politics, but famous for his fun even as a schoolboy. "His playful disposition ill accorded with the restraints of school life and his future course might have been jeopardized had he not been removed," is the intriguing explanation for leaving Harrow offered by the *D.N.B.* How different from the intractability which cut short Wakefield's membership of Westminster School. Macaulay lamented Buller's disposition to make a jest of everything, while Peel impatiently dubbed him buffoon. But Carlyle's kindly description, "the genialest radical I have ever met," is a fitter memorial, for it has a human touch which is lacking in Bulwer Lytton's stilted couplet:

"Farewell, fine humorist, finer reasoner still,
Lively as Luttrell, logical as Mill,
Lamented Buller."

G. I. H. LLOYD.

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V

Communism

By PROFESSOR H. J. LASKI. (Williams and Norgate, Home University Library.)
2s. net.

PROFESSOR LASKI has lent his own intelligence to a short and lucid account of what Communism is. Such a dispassionate statement was needed. Modern Communism is both an ideal of an organization of society, and a method of attaining it; the two components are indivisible. But its more vocal enemies strain their throats and vocabularies about its methods, while its pious friends with the ecstasy of Chadband exclaim, "What is Communism? Is it Capitalism? No. Is it reactionary? Is it lovely and gentle and beautiful and class-conscious and joyful? Yes, O Yes!" The description is inadequate.

The ideal of Communism, of a Society without classes and owning all things in common, is almost as old as Western thought, and has always made an appeal to eager and generous minds of varied quality. But it has been a dream of Utopia. Then Marx occurred. To him it was not a dream, but a necessary fact of economic justice; it was the answer to the growing inequality of wealth and property, and the only possible answer. From his economic interpretation of history—the belief that social changes are conditioned by the economic system current and that all the organization of society will reflect that system—he was led logically to the view of the class-struggle. He had no illusions on the nature of the struggle. It was a war, and war means violence. In the end the toiling class must seize power and hold it against a determined enemy;

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capitalist private property must perish, the "expropriators are expropriated."

In his summary of Marx' political strategy and its application Professor Laski is admirable, and delicately he points the lesson for modern government. His treatment of Marx' economics is not quite so satisfactory. Marx had a logical but simplifying mind. He simplified the consequences of capitalism until the picture had no relation to what has happened in capitalist development; his view of the methods of production again is far too simple to fit the facts.

This defect in Marx is important. The Bolsheviks are curiously "Fundamentalist"; they allow no tampering with the writ of their teacher. No religious community enforces orthodoxy with greater strictness. But it is becoming clear that the pure Marxian doctrine will not altogether do; the modifications are not merely the consequence of experiment, they go to the root of the theory. Clearheaded as the Bolsheviks have been in many things, they have been almost naive in some views of production. "Taylorism" from America and "electricity" have a mystical meaning for them. The jest is not altogether untrue that they started with two ideas, the abolition of property and the electrification of the Donetz basin.

Unless they can make good their economic theories, can Communism survive? Professor Laski considers the Bolshevik revolution the most important event since the Reformation. This is an over-estimate. Any revolution looks epoch-making to students who are alive in the blissful dawn of its occurrence, but its results fade unless they make a human appeal of general validity. Pure Communism might survive, if it could be tried. How near to that have the Bolsheviks come?

But if it does fail, it will not be the fault of the Bolsheviks of whom Professor Laski writes not unsympathetically. They are the leaders of a religion—an old-fashioned dogmatic religion. Some of their violent methods of conversion have been imposed on them from without, some were inevitable, and some the result of their absurd attachment to theory. They are disruptive of course; it is the way of religions while they are vital. But in single-mindedness, in discipline, in activity, they are as powerful and as dangerous to order as have been other religious organizations. The trouble is that, notwithstanding much of the power for good that they have stirred up in Russia, which is really a by-product of any revolution and not of their own theories, theirs is an arid religion.

It is no good being wrathful over their methods. Deliberately they call in question much of the present organization of the Western world. How far are they justified in their question? That is what Professor Laski asks in his interesting and valuable little book, which has its passages of wisdom for current affairs. The answer to the question is the test of European statesmanship.

W. E.

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VI

Politics and the Land

By C. DAMPIER-WHETHAM. (Cambridge University Press.) 6s.

THIS book of some 200 pages, which is an examination of modern agricultural policies adumbrated by the different political parties in this country, too often develops into an attack upon the Liberal Green Book and a tacit defence of the "blameless policy of the White Paper" issued by the present Government; Labour's policy coming in for condemnation chiefly when it coincides with that outlined in the Green Book.

The book is divided into three sections dealing respectively with the present position of British agriculture, the land and its owners present and prospective, and the future prospects of the industry.

The first part opens with a consideration of the output of British agriculture as compared with that of other countries, a subject that has attracted much attention since the publication of Sir Thomas Middleton's well-known study of German agriculture in the year preceding the war. Whilst it is generally agreed that the gross produce of arable is greater than that of pasture land, and that those countries which show large aggregate returns are countries with a large proportion of arable land, sufficient stress has not been laid upon the productivity and the importance of the produce raised on pastoral land. Furthermore, it is recognized that climatic and other considerations have much to do in determining the relative area of arable and pasture in any one country. Thus, by a natural process cereal growing is largely confined to the east and south-east corner of England, whereas the west, south-west, and north are predominantly pasture. But what is so often forgotten, and has been overlooked by the present writer, is that this concentration of cereal growing on the best soils, climatically and otherwise, would naturally lead us to expect a larger return per acre. Scotland can show still greater returns per acre, because its area under cereals is so much more selective. It is otherwise with France, which shows a small yield per acre, as the result of an attempt to grow cereals in small quantities all over the country.

A discussion of agricultural depression which follows divides itself into two parts. (1) The consideration of the economic lag in agriculture. A certain amount of time must elapse before the agriculturist can dispose of his produce, and the length of time varies with the nature of the crop. Of course this is the common experience of all industries producing for a future market. A classic instance is a railway, and railway companies have had to meet this difficulty by charging merely what the traffic would

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bear, a rate that bears no relation to the cost of production, but has the effect of keeping and if possible attracting traffic on to that particular line. The lag in agriculture, we are told, varies from about seven months in the case of a grass dairy farm to fourteen months in the case of an arable farm, and this makes the business of agriculture speculative. But is it an insuperable difficulty to finance the future deliveries of the agriculturist just as the future deliveries of other producers are financed? (2) But then, it is pointed out, agricultural prices are subject to certain general influences that make for a rise or fall of prices generally. What is the cause of these general movements which, so to speak, underlie and determine the prices of particular commodities?

Following the Report on Stabilization of Agricultural Prices issued by the Ministry of Agriculture, the author claims that the one determining factor is the amount of gold in circulation.

Would-be reformers are apparently regarded with a measure of contempt because they have overlooked this all-important aspect of the question. But is the correlation between the supply of gold and the price level quite as close as the author would have us believe? That prices vary with the amount of purchasing power available is a truism, but the purchasing power need not be either gold or silver. It may take the form of credit, and the credit may be supplied either by a Government department or by a bank allowing cheques to be drawn upon itself. Supply of precious metals is only one of many causes that affect the expansion of credit. There have been violent inflations of credit while the annual production from the mines has been very small, and violent contractions of credit in 1857-66, in spite of the plentiful supply of the precious metals.

The second part opens with a slight chapter on the manor, repeating the old formulæ about the lack of individual enterprise and the deplorably low level of cultivation and output of food before the era of enclosures, and how the land now freed from mediæval restriction became so much easier to deal in. A reference to the authorities should have convinced our author that these generalizations are largely the interested statements of eighteenth-century apologists who wished to condemn the small man unheard. "It is quite a mistake to think of the mediæval villager as a man pinned down to subsistence level by the economic pressure which grinds as in a mortar the poorest classes in modern society. . . . But the whole story of the extraordinary upward movement which took place in the fourteenth and fifteenth centuries is compatible with a good deal of economic prosperity." And there is nothing so striking as the ease and frequency with which land passed from hand to hand in the fifteenth century before the enclosure movement began to check it.

The economic prosperity of the small cultivator of the fourteenth and fifteenth centuries is sufficient proof that his agricultural returns were

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not so inadequate as they are sometimes claimed to be by interested advocates of change.

The enclosure movement of the nineteenth century, it is claimed, did not of itself create large estates as shown by the Return of the Enclosure Commissioners in 1876 for the years 1845-75. But the mischief had been done before 1845 when a general Enclosure Act was passed with a view to regulating and controlling the rapacity of landlords who wished to enclose. If we take the county of Cambridge, with which our author presumably is conversant, after 1845 only 8,000 acres were enclosed, whereas before 1845, 190,000 acres had been enclosed. It is obviously misleading to confine one's analysis to the half-million acres enclosed throughout the country after 1845, and to neglect the six and a half million acres that had been previously enclosed. As an authority puts it, it "was nevertheless essentially a policy directed towards the enhancement of agricultural rents, the building up of large and compact landed estates, the establishment of capitalist farming, the uprooting of peasant proprietors and of small holdings, together with the communal use of land, and the multiplication of the class of landless agricultural labourers."

The author appears to have no clearly defined policy to replace those he condemns, because the desiderata mentioned on p. 152 would be generally subscribed to by the reforming parties. He seems to pin his faith to a general rise of prices and a decline of wages in the sheltered trades. But in the admittedly good years before the war when agriculture was thriving, the agricultural labourer in counties like Oxford and Dorset was in receipt of the handsome wage of 12s. to 14s. a week. It is because of this that reformers feel that agriculture cannot just be left to itself, and a study of this book will only serve to deepen that conviction.

R.

VII

The Economic Problem

By R. G. HAWTREY. (Longmans, Green & Co., Ltd., London, 1926.) ix+417 pp. 10s. 6d. net.

THIS is a profoundly interesting book, but one not easy to master. Mr. Hawtreys covers a vast range of ground, largely in a critical spirit, and at times the argument is too compressed to be entirely convincing. The author is very fond of short sentences, and the publishers, no doubt in a laudable desire to keep down the price, have printed too many words to the page. Thus both style and appearance militate against easy reading: the appeal to reason is not facilitated by author or

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publisher. This is a pity, for Mr. Hawtrey has much to say that is deserving of the closest attention.

"The Economic Problem," which gives the book its title, is *primarily* a problem of organization. "The economic problem is the problem of joint action by a community of men. The life of the community requires that the individual members composing it render certain services, which their own immediate interests or instinctive impulses would not prompt them to do." But, as the author points out, this definition is too wide. Within the general sphere of social organization for joint action, the economic sphere has somehow to be segregated from the rest for purposes of study. What, then, is the sphere of economic action? It is here that Mr. Hawtrey begins to break away from current concepts. The end of economic action is neither satisfaction, nor utility, nor wealth, nor power. The proper end of economic action is welfare, and what is or is not welfare is in the final upshot a matter of ethical judgment. To attempt to set up as the economic ideal a maximization of satisfactions, or utility, or wealth, is to enter upon a false path. We must abandon "the idea of a *measurable aggregate* of economic welfare, which forms a part or a constituent of welfare as a whole. The mercantilists' ideal of wealth, the classical economists' ideal of utility, Professor Pigou's 'satisfaction,' none of these can be legitimately so regarded . . . the aggregate of satisfactions is not an aggregate of welfare at all. It includes good satisfactions which are welfare, and bad satisfactions which are the reverse."

Granted that this is so, then political economy necessarily becomes largely a study of social pathology. For it may be that the desire to attain "bad satisfactions" which are the reverse of welfare is a more potent motive than the desire to attain "good satisfactions which are welfare." And this, to judge by Mr. Hawtrey's own analysis, is very largely the case. For, on his own showing, the economic activity of individuals has largely been governed by the desire for the false end of wealth; and the activity of the State in the economic sphere has been governed, and continues to be governed, by the false end of power. And, because the State desires power, it fosters the growth of wealth, whilst the desire for wealth drives the dominant owners of wealth to reinforce the power of the State. The economist is thus forced into opposition both to the motives which inspire the individual and to those which inspire the State.

A critical attitude towards the actual ends men propose to themselves is indeed no bad thing for an economist, but how far does it really take him? Whether he describes the institutes of society in order to condemn them, or merely in order to understand them himself, or to explain them better to others, he is necessarily confined very largely to analysis. Thus the attitude of the economist, whether normative

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or naturalistic, makes in the end very little difference to the science. It may make some difference to the scientist, and even some difference to the society in which he moves, for organized knowledge is itself a social force. But this presupposes that there will be a fair degree of unanimity of opinion. If there is not, will the explicit admission of the truth that "it is possible to apply ethical criticism to economies without ever having to appeal to philosophical theory or ever leaving the plane of purely practical life" help much, in view of the depressing statement that "we must not exaggerate the extent of the general agreement to be found in the common ethical judgments of mankind"? But, whilst it is possible to argue that to approach economic science with an ethical bias will not yield as much positive fruit as Mr. Hawtrey presumably believes to be the case, it is another to argue that economists as such have no right to pass judgments: and to pass judgments is of course to assess the value of institutions and motives. In fact, economists always have tended to value the institutions they were analysing: a defence, e.g. of individualism on the ground that it alone maximizes "utility" has an ethical, as well as an analytical aspect, as soon as it is postulated that the maximization of utility is itself good. The importance of Mr. Hawtrey's book, perhaps, lies rather in the fact that he sets up new criteria of goodness than in the fact that he defends the right to set up standards of good at all.

In the course of his analysis, Mr. Hawtrey makes some important suggestions of detail. I refer in particular to his arguments that among the "motives of the market," a "very prevalent, very strong, and very real desire for money for its own sake" must be included (p. 141 *et seq.*); to the remarkable suggestion that "in the export of capital we find the solution of that excess of exports which is dear to the heart of the mercantilist, and the possibility of which the classical economist was inclined to challenge" (p. 280 *et seq.*); and to the importance which in his view should be attached to *profit* as the source of capital accumulation and the main cause of inequality (p. 225). The chapter upon "Objects of Consumption" draws a novel and useful distinction between "those products which are intended to prevent or remedy pains, injuries, or distress, and on the other, those which are intended to supply some positive qualification or satisfaction. They may be conveniently named *defensive* products and *creative* products." The next chapter on the "Consumers' Choice" is a mordant and amusing critique of consumption, which does something to fill a long existing gap in economic literature. Indeed, these chapters upon Consumption, together with those upon Mercantilism (including Chapter XXVI upon False Ends) are among the most striking in the book: a book inspired by a noble ideal and provocative, as every good book ought to be, of dissent as well as of approbation.

T. E. GREGORY.

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VIII

Complacency

Report of the Delegation appointed to study Industrial Conditions in Canada and the United States of America. Stationery Office, Cmd. 2833. 1s. net.

Factors in Industrial and Commercial Efficiency, Part I. of a Survey of Industries by the Committee on Industry and Trade. Stationery Office. 5s. net.

CONSIDERED together these two reports form one of the most important contributions to the subject of administration which have appeared since 1919. The Balfour Committee on Industry and Trade was appointed in 1924 "to inquire into the conditions and prospects of British industry and commerce with special reference to the export trade." In the memorandum accompanying their terms of reference it was stated that the questions they were asked to study comprised "an inquiry into British productive capacity and organization, including the supply and efficiency of capital, labour, and management." For the purposes of the inquiry, eight large groups of exporting industries have been studied—Mechanical Engineering, Shipbuilding, Iron and Steel, Coal, Cotton, Jute and Flax, Woollen and Worsted, and Clothing. The first two volumes published by the Committee reviewed the Export Markets and the Wages and Hours in these eight industries. The present volume is a survey of "such of the factors in industrial and commercial efficiency which are more or less common to a number of groups of trades" and which "are most conveniently isolated and examined as a whole." No conclusions are presented. But the main documents and statistics considered by the committee are here grouped into seven main sections, dealing with Industrial Structure, Training and Recruitment, Standardization, Scientific Research, Industrial Art, State Measures, and Profits, Savings, and Charges.

The delegation which was appointed in 1926 under the chairmanship of Sir William Mackenzie to inquire into Industrial conditions in the United States and Canada, was no doubt largely prompted by the interest in the continued industrial prosperity of the North American Continent which has been displayed throughout Europe. Books with a wide popular circulation, such as *The Secret of High Wages*, have suggested that there are features in the American conduct of industry, quite apart from the underlying economic situation of the various nations, which largely account for her primacy in material welfare. If this is the case, such features can be adopted by other countries, subject to the modifications necessary to adjust them to racial peculiarities.

The delegation consisted of representatives of the Civil Service, Employers, and Labour. With one unimportant proviso, their findings

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are unanimous—in itself a considerable achievement which deserves more recognition than has been accorded to it. Observers of most experience in the field of industrial relations have frequently urged that real harmony can only be developed in many cases by dropping the idea of negotiations and uniting the two parties in the joint work of inquiry into facts. This delegation and the recent inquiry by the shipbuilding industry are outstanding examples of the use of this technique. Conclusions so determined possess a high authority.

The Report is divided into five sections, four of which deal with the United States. Among these are a survey of Economic conditions including the growth of large manufacturing units, Industrial Relations, and Earnings and Real Wages. The fourth section covers certain other aspects of the American industrial situation, including Management, Standardization and Simplified Practice, Interchange of Information, Merchandizing Methods, Taxation, Research Work, and Education. The fifth section of the report considers the same questions in relation to Canada. It will be noted immediately that the issues dealt with in the Balfour Report, with one exception, namely Industrial Art, are here treated from the American angle.

The Mackenzie Report, however, mentions certain other matters, which are wholly omitted from special consideration by the Committee on Industry and Trade. These exceptions are extremely significant. They include Exchange of Information and Management.

It is this last question which is of primary interest from the standpoint of the administrator. The Mackenzie delegation says :—

"A gradual drawing away from the old type of owner-manager has been apparent for some time in America, and there is growing up a class of management specialists. The development of large units in industry has given clearer definition to the function of management which has tended to assume a new status in relation to capital and to labour. . . . Even in small enterprises this tendency is growing, as it is recognized that the provision of capital is distinct from management, and that the possession of money to invest is in itself insufficient ground for participation in management. Those who fill executive offices are selected according to ability; personal relationship with those already serving in the business or having a large financial interest, is of small importance compared with personal merits and qualifications (p. 38, para. 104). . . . Management is thus placed in the position of a trustee, and is becoming more and more a separate branch of activity, distinct from ownership, into which all who show knowledge and ability may enter. There have been three important results. Firstly, the technique of management has been greatly improved. Secondly, the duties and qualifications of management are widely discussed and attention is directed to maintaining efficiency and eliminating waste. Thirdly, management is recognizing the necessity of securing the co-operation of labour in order to secure the best results" (p. 39, para. 106).

The introduction to the Balfour Report concludes :

"The vitality of modern industry, like that of an organism, is measured by its power of response to external stimulus and a self-adaptation to modern environment.

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Mobility (in this sense of the term) does not imply incessant or purposeless movement or change and may be consistent with a high degree of stability and complexity of structure. But it does imply the power of spontaneous reaction to changes in economic conditions, and of internal modification and re-arrangement to meet such changes. This is true both of the material and human factors, of methods of business organization, and of relations among classes, as well as of the personal skill, enterprise and leadership which individuals bring into the common stock" (p. 65).

In emphasizing the tendency towards a greater size and scale of industry the Committee appreciates "the increasing difficulties of control and higher direction" (p. 3).

But despite its plea for an original and flexible view of industrial phenomena and this insistence on the importance of direction, the main body of the Report reveals no new outlook whatever towards the question of how the necessary type of controlling skill is to be obtained. For instance, we find that

"the existing scheme of education (in the Coal Mining Industry) maintains a supply of suitably trained persons more than equal to the demand" (p. 203).

On the other hand, the experience of the British Engineering Standards Association is

"that there are many branches of Industry which are still bound by tradition and drift along with an enormous number of spare parts, making no attempt to simplify. As an example of such national waste, the case is cited of Pit Tub Wheels, where one firm has over 3,000 patterns in stock, differing in many cases by a mere fraction of an inch, whereas 50 would, according to them, meet the needs of the whole country" (p. 295).

The inconsistency of these two statements does not appear to have been noted by the Committee.

The section on Training and Recruitment is presumably considered a sufficient treatment of this important subject. But even here the arrangement is faulty. England and Scotland are considered separately. Within these divisions, each stage of education is again treated as a separate subject. The practices of other countries, where they are quoted, are placed in the particular stage to which they appear to belong. It is impossible to gain a clear picture of the provision for industrial education in Great Britain as a whole or to draw comparisons with the experience of her chief competitors.

The whole section is dominated by a Board of Education rather than an industrial outlook. Statistics of attendances, courses held, and similar matters are the chief preoccupation. The general attitude of the present leaders of the business world is apparently accepted as an adequate standard by which to measure achievement. There is no co-ordinated attempt to determine how far the existing educational provision and subsequent training in industry do provide a type of executive officer

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qualified to overcome the present difficulties which threaten our national prosperity.

In sharp contrast to the picture painted by the Mackenzie Report we learn, for instance, of the cotton trade :

" Higher posts are filled either by promotion from the ranks, or by the appointment of persons who have entered the industry with very definite prospects, either through family connections or other favourable circumstances, of occupying responsible posts. . . . So strong and widespread is the opinion that to succeed a man must enter the industry at the earliest possible age and grow up in the actual practice of his trade, that practical experience is often regarded not merely as an essential part of his training but even as the only training that matters " (p. 206).

Statements of this kind are typical of the industries examined, interspersed with such opinions as " the supply of engineers and technical chemists has exceeded the demand," and so on.

Against these views must be placed the astonishing figures which may be culled from the Report.

The number of students receiving graduate education in business administration in Great Britain and in the universities of her principal competitors were :

In the year 1924-5 in the United States ..	80,000
In Germany in the same year.. ..	15,900
In Great Britain in the year 1925-6	950

Throughout the document indeed there is not a single sentence which reveals any appreciation of the administration of industry as a special science, separate from the underlying sciences, on which its material technique is based. The National Institute of Industrial Psychology is dismissed with two-thirds of a page. The whole section on Research is dominated by the older conception, which limited the term to the physical sciences and their application to industrial equipment and materials. The section on Standardization, while complete and admirable in many ways, treats the subject in isolation and makes no attempt to relate it to a coherent industrial policy. Scientific Management, or " Rationalization " as it is called in Europe, is not mentioned, though this question has recently been the subject of a special session of the World Economic Conference, and has given rise to a strong and appreciative resolution from that authoritative body. This recommends the study and adoption of its principles by concerns, industries, and on a national and international scale.

Taken together the two reports are a mine of information. In the appendices many statistics and documents of peculiar interest to the student of administration are presented in a convenient form for the first time. The publication of the Baltimore and Ohio, and Dennison schemes, in the Mackenzie volume, and the tables of share distribution, profits,

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and costs by the Balfour Committee, are particularly valuable. The rapidly growing output of the latter body presents a more complete picture of certain vital sections of British industry, than has ever before been offered to investigators.

But the arrangement, emphasis, and still more the omissions, of the present volume suggest that the usefulness of this important Committee is in danger of ending at just that point. And the unanimous statements of the body which has actually visited the United States point the moral. America is setting a standard in the conduct of industrial operations which must result in a progressive efficiency and competition in the world's markets. In Europe, Germany is steadily developing her former policy of harnessing every resource of modern science to the service of her national industry. She has already endowed a national institution for the study of management technique. The factor in the industrial and commercial efficiency of Great Britain which most seriously threatens her future prosperity, is the satisfaction with obsolete and inferior methods and standards of management displayed by administrative and executive staffs. This is an outcome of national conservatism and complacency. It will not be altered by inquiries, however detailed and accurate, which combine official detachment with a calm acceptance of existing criteria. Their latest volume does not inspire very great hopes that the Committee on Industry and Trade will present a series of findings possessing the co-ordination, vision, and authority necessary to break through this situation and to set new combinations of forces in motion.

L. URWICK.

IX

English Poor Law History

- I. English Local Government: English Poor Law History; Part I. The Old Poor Law. By SIDNEY and BEATRICE WEBB. (Longmans, Green and Co., Ltd.) vii + 447 pp.; 21s.
- II. Some Early Tracts on Poor Law Relief. Edited by F. R. SALTER, M.A., with a Preface by SIDNEY WEBB. (Methuen and Co., Ltd.) xx + 128 pp.; 5s.

I

THIS is another volume from the Webb workshop, a history of the public relief of distress up to 1834. A further volume will deal with the period since 1834. The Webbs have fulfilled a great task in their history of local government, particularly in the latter part of the seventeenth and in the eighteenth centuries, and have put under a deep obligation all those who value the study of our national institutions.

The Webbs "epitomize" the spirit of public relief during the period

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with which they deal in the phrase "relief of the Poor within a Framework of Repression" (with the irritating habit of capitals to which they are addicted), or, alternatively, "Charity in the grip of Serfdom," picturesque terms. They divide the period into six stages—

- (1) Concentration on the repression of vagrancy, with the relief of distress left to the Church and the charitable, a period which endured until the second quarter of the sixteenth century ;
- (2) Repression still dominant, but supplemented by some measures for the public relief of distress, which lasted up to the third quarter of the sixteenth century ;
- (3) An interlude of "Administrative Hierachy," a premature attempt at a "nationalized Poor Law" by the bureaucracy which Elizabeth gathered around her, one of the most interesting parts of the book, making one wish still more that some competent scholar would deal adequately with the administrative bureaucracy of Elizabethan Government, a study well worth the making ;
- (4) From the Restoration to the last quarter of the eighteenth century, a confused period with undirected local autonomy, when measures were a mixture of repression, relief, and an endeavour to set the destitute to profitable labour, in Houses of Industry and the like, characterized also by a large use of contracting, even for all the poor or for medical relief, because of the absence of administrative machinery ;
- (5) Then comes a short period at the close of the eighteenth and the beginning of the nineteenth century, characterized by the farming out of the poor—a doubtful period, as the Webbs appreciate, for the farming of the poor had been going on long before this, though the need for child labour in the mills of the North increased the practice ;
- (6) Lastly, until the reform of 1834, the granting of relief in aid of wages, which derived its impetus from what became known as the Speenhamland Act of 1795.

This is not the place for any exhaustive examination of the views put forward by the Webbs. They have given us another instructive volume. At the same time, one wonders how long the edifice built by them will last. It is based on wide research ; yet probably none knows better than they how much more still remains to be done. It would, indeed, not be surprising if much of what they have written is superseded within the next generation or two by still wider and deeper investigation stimulated largely by their own admirable labours.

Some feel that a great deal of the work of the Webbs has a somewhat mechanical flavour ; that they are inclined to interpret the past in terms

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of present-day conditions and thought ; and that they do not penetrate under the skin of pastcultures, do not sufficiently appreciate their underlying notions and outlook. The very phrase " framework of repression " indicates the attitude.

It is doubtful also whether we can understand even the public relief of the past without much more information of private assistance, though the limitations of research may make it unavoidable to deal with the whole in parts.

These are just a few observations by the way. The underlying feeling of any student is a deep debt of gratitude for persevering work, for patient uncovering of sources of information hitherto neglected, and, while those who come after them may supersede much of what they have done, to the Webbs will belong the fame of pioneers.

II

The book by Mr. Salter is a slight volume, full of interest, which should be read by all students of social affairs. It consists chiefly of a translation of a number of documents issued in the first part of the sixteenth century on the relief of distress, when the break-up of the old social order (not simply, as many still suppose, just the Reformation) forced on public attention the need of fresh measures, and the break-up of old systems of tradition freed the minds of men, the Catholics of Bruges and Rouen just as much as the Protestants of Germany and Switzerland, for an outlook on social problems in marked contrast to the preceding centuries, and in some respects strangely modern. It is interesting that one of the most striking documents was written in England, but that this is the first time that it has been translated into English.

Many pretentious works are much less interesting and much less instructive than this slim volume, and it can be highly commended.

N.

THE MACHINERY OF GOVERNMENT

X

The Mechanism of the Modern State

By SIR J. A. R. MARRIOTT. (Oxford University Press.) £2 2s.

THESE two formidable volumes are very disappointing. Sir John Marriott is a university lecturer of long standing ; and he has had very considerable experience as a Member of Parliament. Such a combination prepared us for an analysis of political institutions which would remain for long the classic work upon the subject. Yet what in fact we are given, in over eleven hundred ample pages, is merely a description of the fairly obvious

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in which nothing is said not previously known to the readers of such works as Bryce, Lowell, and Durrell. It should be said that Sir John Marriott writes clearly, and that despite the vast area he covers the number of actual errors of fact is surprisingly small. But the reader never feels that he has got at the meaning of the institutions described. Everything is conventionally said. There is no attempt at philosophic appraisal. What seem lacking in the book are judgment and the critical faculty. Much of it, also, especially in the parts which deal with foreign experience, seems gathered from books rather than observed at first-hand. Not even the large admixture of historical information gives the sense of movement to the institutions Sir John describes. It is as though he were exhibiting a series of museum specimens, none of which could again be brought to life. The result is that when he has ended, the reader has a confused sense of having toured the museum with a man of much learning, who is yet somehow unable to tell him what meaning the specimens as a whole possess.

Some of Sir John's doctrines, moreover, seem to me much more dubious than the reader will gather from his pages. He is adamant upon the need for a second chamber; he does not point out that, with the partial exception of the American Senate, every second chamber in the world to-day is a serious failure, and that the success of the Senate is largely due to the failure of the House of Representatives. He insists that the King's power to refuse a dissolution is still an active one; but his defence is built upon a purely party speech of Lord Oxford's in 1923, and he does not explain how the King could refuse a dissolution and still preserve his neutrality; nor does he add that every dissolution sought for in the last seventy-five years has been granted. Yet this is supremely important since Time is a vital factor in the erosion of monarchical prerogative. He tells us much about the machinery of parties. But he altogether misses the vital fact that the institutions evolved by the Labour Party are unique and significant in that they have built at least the large outlines of a system in which the rank and file can play an effective part in making policy. And his suggestion that the selection of candidates is more rigorously controlled by Labour headquarters than by its rivals is formally true but substantially false. Labour headquarters cannot force any candidate upon a local party; and in the vast majority of cases it is incompetent to do other than endorse a proposed candidature. It lacks altogether the discretionary power which Sir John Marriott's discussion implies.

His discussion of the British civil service is on very orthodox lines. It omits many of the essential problems, and some of its emphasis is, I think, unfair. I do not think, for example, that the employees of the Post Office have either brought undue political pressure to bear upon members in defence of their economic position or been at all successful

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in obtaining markedly abnormal remuneration for their services. The Report of the Reorganization Committee describes what the main classes of the Civil Service would be like if the Departments had put it into operation ; but, in sober fact, they have jettisoned a good many of its essential principles by a process of contracting-out. He says nothing about Whitleyism (much the most significant of post-war developments) ; nor of the powers of the Industrial Court over a large part of the service, which is one of the most interesting developments towards a responsible state that has occurred in our time. He says much of the growth of the service ; but he does not comment on its cheapness. It is yet worth remarking that the total cost of the Treasury and the Foreign and Home Offices is less than the State pays to the Bank of England for the service of the National Debt—a purely clerical operation in the main. It is disappointing to find no account of the technique of promotion, and no assessment of the principle of open competition. He might note that, for the most part, the whole of the legal side of the civil service still obstinately resists its entrance ; and that while, in theory, nomination and patronage have gone, in practice they linger on in the most unsuspected quarters. From this angle, Sir John Marriott would, I think, find an analysis of the Foreign and Colonial Offices of much interest. The statement that “ the principle is now fully and frankly accepted . . . that persons recruited to the Service at different ages and by different tests shall be placed on an equality as regards opportunity of promotion to higher posts,” is, I am convinced, true in so limited a degree as in fact to misrepresent the actual position. I would add that the description of foreign civil services is disappointingly brief ; and that Sir John takes Lord Bryce’s roseate optimism about American improvement much too seriously.

On other matters, did space allow, there would be much to say. The problem of the Monarchy is discussed with a suitable volume of adjectives ; but none of the difficulties which important events of the last fifteen years have raised find a place there. The account of the judiciary hardly emphasizes enough the degree to which judicial place is an appanage of the politicians ; and while his strictures upon the election of judges are, in the main, true, it ought to be added in fairness that in three States at least the results of election have been every whit as good as in those where nomination prevails. It is, too, a pity that Sir John does not explain why, with infinitely lower salaries, France possesses a judiciary, secured in the same way, broadly, as the civil service, which is at least the equal of our own in skill and learning and impartiality. Finally, I would note that every reason given by Sir John for the failure of the American Cabinet to develop collective responsibility is quite accurate ; but he has missed out all the main reasons for the failure.

HAROLD J. LASKI.

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XI

Municipal Finance

By A. E. BUCK. (New York: The Macmillan Company.)

THERE is a distinct tendency in matters of local government, if not in national affairs, to indulge in organized (or promiscuous) research and comparison of notes with those with similar interests and experiences in different parts of the country, or latterly, we might say, of the world. It would probably be generally agreed that this habit has much to commend it, for the comparative method of study is valuable, and it has contributed not a little to the progress of public administration. In matters of finance, however, it must be admitted that such comparative studies have not generally been extended to areas much farther than Scotland—a country in some respects far ahead of and in others far behind England in local financial administration.

This book furnishes an admirable opportunity of extending our knowledge of municipal finance, and we feel confident that any one interested in the subject will find it most interesting reading, especially when he has become familiar with Transatlantic terminology and appreciates the exact significance of such terms as "excess condemnation," "segregated appropriation bill," and "callable term bonds."

The work is a substantial volume of 550 pages, and is not, as Mr. Buck explains in an interesting preface, his own unaided work, but is the result of collaboration with four other staff members of the National Institute of Public Administration and the New York Bureau of Municipal Research. We do not, however, share his apprehension that five cooks might have ruined the literary broth; the arrangement has made it possible to bring together in one volume the opinions of several experts on various branches of the subject.

While parts of the book are rather of academic than of immediate practical interest to English readers, several chapters, notably those on Cost Accounting and on Statistics in Municipal Finance, contain much that is applicable to British conditions, and the time spent in a perusal of these pages would, we think, be amply repaid in benefit, not only to readers with technical training and knowledge, but to those whom we call the lay minds.

Other chapters, such as those on estimating or budget-making, we read with critical appreciation, realizing the peculiar problems to be faced under American conditions, to which no doubt English methods are not wholly applicable.

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Some of the conditions disclosed in the book will, however, be somewhat surprising even to those with some knowledge of American local government. "The worst form of short-term borrowing," we learn, "is practised by those cities which issue warrants when there is no money in the treasury, or which follow the practice of allowing bills and claims to remain unpaid for long periods of time until funds are available. This is also the most expensive form of borrowing, because it forces the financing—that is, the waiting—back on those who work for the city or who sell supplies or services to the city. These are usually the persons least able to wait. They must, therefore, individually borrow money either on their personal notes or by discounting the city warrants at high rates to local money-lenders. What else can a policeman or a school teacher do who is paid by warrants which will not be honoured for several months? The situation is not quite so bad, perhaps, where the law provides that a warrant presented for payment shall draw interest at the legal rate until it is paid." A bank overdraft, temporarily, is at the worst the source of funds in emergencies in this old country of ours; an overdue cheque for salary or wages would be regarded as a painful dream and not as a reasonable contingency.

In the same chapter we are informed that "where all of the available revenues of a municipality are urgently required for current expenditures and new taxes cannot be imposed, there is of course no opportunity to set aside funds toward the redemption of debt. This may readily occur in municipalities which suffer a sudden and unexpected loss of revenue or encounter extraordinary expenditures." To those accustomed to the sacrosanct sinking fund requirements of English law such a statement must occasion not a little surprise, though it may perhaps afford a clue to the cause of the financial difficulties of some of the less well-managed American towns.

Indeed, the chapter on Debt Administration indicates a potential if not an actual condition of affairs which is altogether different from that to which we are accustomed, and we cannot but feel that our methods of raising and redeeming loans are to be preferred to those of American cities.

Reviewing the work as a whole we seem to observe two fundamental matters in which English and American practice are entirely different, and which while not essentially financial have a direct influence on financial administration. In the first place, we may refer to the well-known fact that the administrative system of American city government takes at least three different forms, known respectively as the mayor-council, the commission, and the manager systems. These in their turn are subject to several variations, and the resultant lack of uniformity is very apparent in the realm of finance, and of course greatly increases the difficulty of establishing principles of universal application in America.

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Secondly, the work indicates the effect on local government of the absence of a central supervising and co-ordinating authority. The cities are indeed subject to the law of the state in which they are situate, but the diversity of the state laws seems only to accentuate the need for a central directing organization which could impose and secure the observance of sound general regulations for the conduct of the financial affairs of local government.

ARTHUR COLLINS.

